



2014-12

# Analysis of the Department of Defense pre-award contracting process

Butler, Titus A.

Monterey, California: Naval Postgraduate School

---

<http://hdl.handle.net/10945/44530>



Calhoun is a project of the Dudley Knox Library at NPS, furthering the precepts and goals of open government and government transparency. All information contained herein has been approved for release by the NPS Public Affairs Officer.

**Dudley Knox Library / Naval Postgraduate School**  
**411 Dyer Road / 1 University Circle**  
**Monterey, California USA 93943**

<http://www.nps.edu/library>



# **NAVAL POSTGRADUATE SCHOOL**

**MONTEREY, CALIFORNIA**

---

**MBA PROFESSIONAL REPORT**

---

## **ANALYSIS OF THE DEPARTMENT OF DEFENSE PRE-AWARD CONTRACTING PROCESS**

---

**December 2014**

**By: Titus A. Butler, and  
Aaron Velasco**

**Advisors: Rene G. Rendon,  
Richard Nalwasky**

*Approved for public release; distribution is unlimited*

THIS PAGE INTENTIONALLY LEFT BLANK

<b>REPORT DOCUMENTATION PAGE</b>			<i>Form Approved OMB No. 0704-0188</i>	
Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instruction, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Washington headquarters Services, Directorate for Information Operations and Reports, 1215 Jefferson Davis Highway, Suite 1204, Arlington, VA 22202-4302, and to the Office of Management and Budget, Paperwork Reduction Project (0704-0188) Washington, DC 20503.				
<b>1. AGENCY USE ONLY (Leave blank)</b>		<b>2. REPORT DATE</b> December 2014	<b>3. REPORT TYPE AND DATES COVERED</b> MBA Professional Report	
<b>4. TITLE AND SUBTITLE</b> ANALYSIS OF THE DEPARTMENT OF DEFENSE PRE-AWARD CONTRACTING PROCESS			<b>5. FUNDING NUMBERS</b>	
<b>6. AUTHOR(S)</b> Titus A. Butler and Aaron Velasco				
<b>7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES)</b> Naval Postgraduate School Monterey, CA 93943-5000			<b>8. PERFORMING ORGANIZATION REPORT NUMBER</b>	
<b>9. SPONSORING /MONITORING AGENCY NAME(S) AND ADDRESS(ES)</b> N/A			<b>10. SPONSORING/MONITORING AGENCY REPORT NUMBER</b>	
<b>11. SUPPLEMENTARY NOTES</b> The views expressed in this thesis are those of the author and do not reflect the official policy or position of the Department of Defense or the U.S. Government. IRB Protocol number ____ N/A ____.				
<b>12a. DISTRIBUTION / AVAILABILITY STATEMENT</b> Approved for public release; distribution is unlimited			<b>12b. DISTRIBUTION CODE</b>	
<b>13. ABSTRACT (maximum 200 words)</b>  <p>This project analyzed the pre-award phase of the Department of Defense contracting process. Notably, our research focused on the pre-award phase of Air Force contracting in support of base operations. Following an overview of the Air Force contracting organizational structure, we presented data gathered from two Air Force operational contracting squadrons. Ultimately, this analysis compared and contrasted the contract processes, metrics, milestones, and best practices of government and commercial procurement sectors. The comparison and contrast of these procurement sectors helped identify continuous process improvement measures that can be utilized by any procurement organization.</p> <p>This project highlighted similarities and differences between commercial and government procurement sectors. Our research discovered that government procurement organizations can benefit from adopting processes, metrics, milestones, and best practices used by the commercial procurement sector.</p>				
<b>14. SUBJECT TERMS</b> Pre-award phase, Contracting process, Contracting metrics, Contracting milestones, Contracting best practices, Simplified Acquisition Threshold, Air Force operational contracting , Commercial procurement sector, Contract Management Maturity Model (CMMM)			<b>15. NUMBER OF PAGES</b> 145	
			<b>16. PRICE CODE</b>	
<b>17. SECURITY CLASSIFICATION OF REPORT</b> Unclassified	<b>18. SECURITY CLASSIFICATION OF THIS PAGE</b> Unclassified	<b>19. SECURITY CLASSIFICATION OF ABSTRACT</b> Unclassified	<b>20. LIMITATION OF ABSTRACT</b> UU	

THIS PAGE INTENTIONALLY LEFT BLANK

**Approved for public release; distribution is unlimited**

**ANALYSIS OF THE DEPARTMENT OF DEFENSE PRE-AWARD  
CONTRACTING PROCESS**

Titus A. Butler, Captain, United States Air Force  
Aaron Velasco, Captain, United States Air Force

Submitted in partial fulfillment of the requirements for the degree of

**MASTER OF BUSINESS ADMINISTRATION**

from the

**NAVAL POSTGRADUATE SCHOOL  
December 2014**

Authors: Titus A. Butler

Aaron Velasco

Approved by: Rene G. Rendon, Lead Advisor

Richard Nalwasky, Support Advisor

William R. Gates, Dean  
Graduate School of Business and Public Policy

THIS PAGE INTENTIONALLY LEFT BLANK

# **ANALYSIS OF THE DEPARTMENT OF DEFENSE PRE-AWARD CONTRACTING PROCESS**

## **ABSTRACT**

This project analyzed the pre-award phase of the Department of Defense contracting process. Notably, our research focused on the pre-award phase of Air Force contracting in support of base operations. Following an overview of the Air Force contracting organizational structure, we presented data gathered from two Air Force operational contracting squadrons. Ultimately, this analysis compared and contrasted the contract processes, metrics, milestones, and best practices of government and commercial procurement sectors. The comparison and contrast of these procurement sectors helped identify continuous process improvement measures that can be utilized by any procurement organization.

This project highlighted similarities and differences between commercial and government procurement sectors. Our research discovered that government procurement organizations can benefit from adopting processes, metrics, milestones, and best practices used by the commercial procurement sector.



THIS PAGE INTENTIONALLY LEFT BLANK

## TABLE OF CONTENTS

<b>I.</b>	<b>INTRODUCTION.....</b>	<b>1</b>
<b>A.</b>	<b>BACKGROUND .....</b>	<b>1</b>
<b>B.</b>	<b>PROBLEM STATEMENT .....</b>	<b>1</b>
<b>C.</b>	<b>RESEARCH QUESTIONS .....</b>	<b>2</b>
<b>D.</b>	<b>METHODOLOGY .....</b>	<b>2</b>
<b>E.</b>	<b>STUDY SIGNIFICANCE AND BENEFITS .....</b>	<b>3</b>
<b>F.</b>	<b>SCOPE AND ORGANIZATION OF PAPER .....</b>	<b>4</b>
<b>G.</b>	<b>SUMMARY .....</b>	<b>4</b>
<b>II.</b>	<b>LITERATURE REVIEW .....</b>	<b>5</b>
<b>A.</b>	<b>INTRODUCTION.....</b>	<b>5</b>
<b>B.</b>	<b>WHY MEASURE PERFORMANCE? .....</b>	<b>6</b>
1.	Support Better Decision-Making.....	6
2.	Support Better Communication .....	6
3.	Provide Performance Feedback.....	7
4.	Motivate and Direct Behavior.....	7
<b>C.</b>	<b>METHODS OF MEASURING PERFORMANCE .....</b>	<b>8</b>
1.	Results-Based Performance .....	8
2.	Balanced Scorecard .....	8
3.	Scorecards.....	9
4.	Efficiency-Oriented System.....	11
5.	Maturity Models.....	11
6.	Process Analysis .....	15
7.	Compliance-Based Assessments .....	16
<b>D.</b>	<b>PROCESSES .....</b>	<b>19</b>
1.	Procurement Planning.....	19
2.	Solicitation Planning.....	19
3.	Solicitation .....	20
4.	Source Selection .....	20
<b>E.</b>	<b>METRICS.....</b>	<b>21</b>
1.	Commercial Metrics .....	21
2.	Government Metrics .....	24
3.	Developing a Performance Management System.....	25
<b>F.</b>	<b>MILESTONES .....</b>	<b>26</b>
1.	Procurement Planning.....	26
2.	Solicitation Planning.....	28
3.	Solicitation .....	29
4.	Source Selection .....	30
<b>G.</b>	<b>BEST PRACTICES .....</b>	<b>31</b>
1.	Procurement Planning.....	31
2.	Solicitation Planning.....	32
3.	Solicitation .....	33
4.	Source Selection .....	33

H.	SUMMARY .....	34
III.	OVERVIEW OF AIR FORCE CONTRACTING.....	35
A.	INTRODUCTION.....	35
B.	AIR FORCE CONTRACTING STRUCTURE .....	35
1.	Air Staff Level .....	35
2.	Major Commands .....	36
3.	Air Force Installation Contracting Agency .....	36
C.	CONTRACTING ENVIRONMENTS .....	40
D.	IMPORTANCE OF OPERATIONAL CONTRACTING .....	42
E.	SUMMARY .....	43
IV.	FINDINGS .....	45
A.	INTRODUCTION.....	45
B.	FINDINGS .....	45
1.	Processes .....	45
2.	Metrics .....	47
3.	Milestones .....	49
4.	Best Practices.....	50
C.	SIMILARITIES BETWEEN PROCUREMENT SECTORS.....	51
1.	Processes .....	51
2.	Metrics .....	52
3.	Milestones .....	53
4.	Best Practices.....	54
D.	DIFFERENCES BETWEEN PROCUREMENT SECTORS.....	54
1.	Processes .....	54
2.	Metrics .....	55
3.	Milestones .....	57
4.	Best Practices.....	57
E.	RECOMMENDATIONS.....	59
F.	SUMMARY .....	61
V.	SUMMARY, CONCLUSION, AND AREAS FOR FURTHER RESEARCH.....	63
A.	INTRODUCTION.....	63
B.	SUMMARY .....	63
C.	CONCLUSION .....	64
D.	AREAS FOR FURTHER RESEARCH.....	68
	APPENDIX A. CONTRACT MANAGEMENT FAR MATRIX.....	71
	APPENDIX B. AIR FORCE CONTRACTING COMPLIANCE INSPECTION CHECKLIST.....	73
	APPENDIX C. BASIC PERFORMANCE METRICS .....	91
	APPENDIX D. MILESTONES FOR THE ACQUISITION CYCLE .....	93
	APPENDIX E. BUYER BEST PRACTICES: 25 ACTIONS TO IMPROVE RESULTS .....	95
	APPENDIX F. INHERENTLY GOVERNMENT FUNCTION MEMORANDUM .....	97

<b>APPENDIX G. NON-PERSONAL SERVICES MEMORANDUM .....</b>	<b>99</b>
<b>APPENDIX H. STREAMLINED ACQUISITION STRATEGY SUMMARY .....</b>	<b>101</b>
<b>APPENDIX I. JUSTIFICATION FOR OTHER THAN FULL AND OPEN COMPETITION .....</b>	<b>105</b>
<b>APPENDIX J. BUYER’S CHECKLIST .....</b>	<b>111</b>
<b>APPENDIX K. PREDICTIVE MILESTONE TOOL .....</b>	<b>115</b>
<b>APPENDIX L. COMMERCIAL AND GOVERNMENT SECTOR FINDINGS .....</b>	<b>117</b>
<b>LIST OF REFERENCES .....</b>	<b>121</b>
<b>INITIAL DISTRIBUTION LIST .....</b>	<b>125</b>

THIS PAGE INTENTIONALLY LEFT BLANK

## LIST OF FIGURES

Figure 1.	Auditability Triangle (from Rendon & Rendon, 2014) .....	5
Figure 2.	Developing a Purchasing and Supply Chain Performance Measurement and Evaluation System (from Monczka et al., 2011, p. 753).....	26
Figure 3.	Air Force Contracting Strategic Planning Model (from SAF/AQC, 2009, p. 11) .....	35

THIS PAGE INTENTIONALLY LEFT BLANK

## **LIST OF ACRONYMS AND ABBREVIATIONS**

A&AS	Advisory and Assistance Service
ACC	Air Combat Command
AEF	Air Expeditionary Force
AETC	Air Education and Training Command
AF PEO/CM	Air Force Program Executive Office for Combat and Mission Support
AFB	Air Force Base
AFFARS	Air Force Federal Acquisition Regulation System
AFGSC	Air Force Global Strike Command
AFI	Air Force Instruction
AFICA	Air Force Installation Contracting Agency
AFICA/KC	Operating Location-Air Combat Command
AFICA/KD	Operating Location-Defense Technical Information Center
AFICA/KG	Operating Location-Air Force Global Strike Command
AFICA/KH	Operating Location-Pacific Air Force Command
AFICA/KM	Operating Location-Air Mobility Command
AFICA/KO	Operating Location-Air Force Special Operations Command
AFICA/KS	Operating Location-Air Force Space Command
AFICA/KT	Operating Location-Air Education Training Command
AFICA/KU	Operating Location-United States Air Force Europe
AFLCMC	Air Force Life Cycle Management Center
AFMS	Air Force Medical Service
AFS 1	Air Force Squadron 1
AFS 2	Air Force Squadron 2
AFSC	Air Force Sustainment Center
AFSOC	Air Force Special Operations Command
AFSPC	Air Force Space Command
ALC	Air Logistics Center
AMC	Air Mobility Command
AMCOM	Army Aviation and Missile Command
AOR	Area of Operation
CALT	Contract Administration Lead Time
CAR	contract action report
CCOs	Contingency Contracting Officers
CICA	Competition in Contracting Act



CMM	Capability Maturity Model
CMMM	Contract Management Maturity Model
CPARS	Contract Performance Assessment Reporting System
CSAF	Chief of Staff of the Air Force
DD 2579	Department of Defense 2579
DFARS	Defense Federal Acquisition Regulation Supplement
DOD	Department of Defense
DPAP	Defense Procurement and Acquisition Policy
DRUs	Direct Reporting Units
DTIC	Defense Technical Information Center
EDA	Electronic Document Access
ESS	Enterprise Sourcing Squadrons
FAR	Federal Acquisition Regulation
FASA	Federal Acquisition Streamlining Act
FOA	Field Operating Agency
FPDS-NG	Federal Procurement Data System-Next Generation
GAO	Government Accountability Office
GPE	Government Point of Entry
HCA	Head of the Contracting Activity
IFB	Invitation for bid
IFN	Invitation for negotiation
ISM	Institute for Supply Management
ITB	Invitation to bid
J&A	Justification and Approval
JBSA	Joint Base San Antonio
KPIs	Key Performance Indicators
MAJCOMs	Major Command
MP	Mandatory Commands
NAVIAR	Naval Air Systems Command

NAVSUPINST	Navy Supply Instruction
NAVSUPSYSCOM	Naval Supply Systems Command
NCR	National Cash Register Corporation
OL	Operation Location
OMB	Office of Management and Budget
OSD AT&L	Office of the Under Secretary of Defense for Acquisition Technology, and Logistics
PACAF	Pacific Air Forces Command
P-CMM	People Capability Maturity Model
PGI	Procedures, Guidance and Information
PMMM	Project Management Maturity Model
PMR	Performance Management Review
PMT	Predictive Milestones Tool
PPIRS	Past Performance Information Retrieval System
PPM	Parts Per Million
PPMAP	Procurement Performance Management Assessment Program
PWS	Performance Work Statement
QA	Quality Assurance
QAE	Quality Assurance Evaluators
QAPC	Quality Assurance Program Coordinator
RDT&E	Research, Development, Test and Evaluation
RFP	Request for Proposal
RFQ	Request for Quote
RFT	Request for Tenders
S.M.A.R.T.	Specific, Measurable, Assignable, Realistic, Time-related
SAF/AQ	Office of the Assistant Secretary of the Air Force for Acquisition
SAF/AQC	Deputy Assistant Secretary for Contracting of the Air Force for Acquisition
SASS	Simplified Acquisition Strategy Summaries
SAT	Simplified Acquisition Threshold
SCONF	Specialized Contracting Flight
SCONS	Specialized Contracting Squadrons
SECAF	Secretary of the Air Force
SEI	Software Engineering Institute

SMC	Space and Missile System Center
SOCONS	Special Operations Contracting Squadrons
SOW	Statement of Work
SPS	Standard Procurement System
TINA	Truth in Negotiations Act
USAF	United States Air Force
USAFE	United States Air Force in Europe
USD AT&L	Under Secretary of Defense for Acquisition, Technology, and Logistics
USN	United States Navy
USTRANSCOM	United States Transportation Command

## **ACKNOWLEDGMENTS**

We would first like to thank our Lord and Savior Jesus Christ who makes all things possible in our lives. We would also like to thank our wives, Desiree and Jackie, and little angels Addison and Olivia, for their unyielding support and understanding throughout our academic experiences. Their dedication to our project for the past eighteen months is more than we could ask for.

This project would not be possible without the guidance and mentorship of our advisors, Dr. Rene Rendon and Commander Rich Nalwasky. These gentlemen were instrumental in helping us find a topic and overcoming challenges along the way. Their professionalism, patience and flexibility facilitated the completion of this project and our academic development at NPS.

We would also like to thank the ARP program managers and editing staff. Through rigorous timelines and countless edits, the ARP staff challenged us to be better writers and managers of time. The support that this program provides is one of the best tools that NPS students and the Department of Defense acquisition community have at hand.

Though anonymous, we would like to thank the Air Force squadrons that directly supported our project by providing data. Without their support, our project would be empty and meaningless. These squadrons are devoted to outstanding contract management that supports the Air Force mission on a daily basis. Despite their significant workload, they were more than willing to assist us complete this project. We are forever grateful to these true professionals.

THIS PAGE INTENTIONALLY LEFT BLANK

## **I. INTRODUCTION**

This chapter introduces research on the analysis of the pre-award phase contracting processes of Department of Defense (DOD) procurement agencies. Specifically, the introduction details the background, problem statement, research questions, and research methodology. Lastly, study significance and benefits are discussed before the chapter concludes with a brief summary.

### **A. BACKGROUND**

As one of only three departments in the DOD, the Department of the Air Force is critical to the defense of the United States. Founded in 1947, the Air Force is one of the most capable fighting forces in the world. The mission of the Air Force is “to fly, fight, and win ... in air, space, and cyberspace” (U.S. Air Force [USAF], 2014). In a 2014 congressional panel, Secretary of the Air Force Deborah Lee James identified the Air Force’s top three priorities as follows: taking care of people, balancing today’s readiness with tomorrow’s readiness, and ensuring that the Air Force is the most capable at the least cost to the taxpayer (Marshall, 2014). Regarding the final priority, James explained, “This means keeping acquisition programs on budget, on schedule. ... It means auditability as a fundamental principle of our good stewardship” (Marshall, 2014, para. 17). One level at which to apply effective auditability in the Air Force is the operational contracting environment.

### **B. PROBLEM STATEMENT**

Since the 1966 implementation of Office of Management and Budget (OMB) Circular A-76, *Performance of Commercial Activities*, the Air Force has increased its reliance on contracted functions (Office of Management and Budget [OMB], 2003). Mission-critical functions that were once performed by military members or federal employees are now accomplished by the commercial industry. This paradigm shift has expanded the Air Force contracting function from a short-term tactical role to a long-term strategic focus. Due to the evolved importance of contracted functions and the increased

need for auditability, Air Force contracting units should focus on continual improvement of contracting processes.

At the 2014 Acquisition Research Symposium, Frank Kendall (2014a), under secretary of defense for acquisition, technology, and logistics (USD[AT&L]), commented, in regard to ongoing improvement, “You can’t be satisfied with where you are.” Air Force procurement agencies need to continually seek more efficient and effective manners of conducting business. The foundation of all procurements lies within the pre-award phase of contracting. For this reason, a process analysis of the pre-award phase was conducted with Air Force operational contracting units as case study participants.

### **C. RESEARCH QUESTIONS**

This research analyzes the pre-award phase of the contracting process. The following research questions are posed:

1. How do industry processes compare with DOD processes in the pre-award phase of contracting?
2. How do industry metrics compare with DOD metrics in the pre-award phase of contracting?
3. How do industry milestones compare with DOD milestones in the pre-award phase of contracting?
4. How do industry best practices compare with DOD best practices in the pre-award phase of contracting?
5. What process improvements can be made in the DOD’s pre-award phase of contracting?

### **D. METHODOLOGY**

The methodology of this research included the following steps:

- A literature review was carried out of commercial and government contracting processes, metrics, milestones, and best practices utilizing professional journal articles, government publications, previous theses, and various other resources.

- Two Air Force operational contracting squadrons were studied to analyze processes, metrics, milestones, and best practices.
- Processes, metrics, milestones, and best practices identified from contracting squadrons were compared to those of the commercial industry.
- A comparison was conducted to identify commercial industry practices that should be adopted by the Air Force, and Air Force practices that should be adopted by the commercial industry.

## **E. STUDY SIGNIFICANCE AND BENEFITS**

Every contracting organization traverses some form of the pre-award phase of the contracting process. For organizations focused on executing contract actions up to the simplified acquisition threshold (SAT), such as the two selected operational contracting squadrons, continuous improvements cannot be overlooked. Kendall (2014a) stated, “It’s the analysis that informs the decision today that really matters.” This quote illustrates that by taking an objective perspective of a process and analyzing the results, constructive decisions may materialize for organizational leaders to consider.

The benefits of this research can be tied to DOD procurement organizations executing actions in support of operational contracting. Furthermore, any commercial procurement organization seeking procurement best practices can utilize this research. Essentially, this research paper’s purpose is to provide recommendations for improvements, specifically for the pre-award phase, that reduce inefficiencies.

A limitation of this research is that it is subject to the accuracy of data gathered from Air Force operational contracting squadrons. Fear of reprisal from organizational leadership may lead to reluctance by contracting professionals to provide candid responses. Another limitation is that processes and best practices may be subject to the uniqueness of organizations and the missions that are being supported, that is, a best practice in one organization might be less effective in another organization because the mission is different. This inconsistency is increased when budget constraints, level of urgency, and mission priorities introduce unique challenges in the contracting process. Furthermore, this research may be limited by the different contracting processes used by each squadron and the individual decision-making approaches taken by contracting officers.



## **F. SCOPE AND ORGANIZATION OF PAPER**

This project is organized into five chapters. Chapter I includes the background, problem statement, research questions, methodology, study significance and benefits, and order of research. Chapter II provides a literature review of reasons to measure procurement performance and introduces several methods of performance measurement used by procurement organizations. Contract processes, metrics, milestones, and best practices are also discussed in the literature review. Chapter III presents the overarching structure of the Air Force contracting organization. Chapter IV discusses the findings of DOD procurement compared to industry practices. Chapter V provides a summary, conclusion, and areas for further research.

## **G. SUMMARY**

The pre-award phase is categorically the foundation of all contracting actions. For this reason, it is paramount that organizations create a successful pre-award process to ensure a higher percentage of success in satisfying the customer's requirement. This chapter began with a description of the background of the research paper and an analysis of the project's scope. Next is the problem statement with details specifically related to Air Force pre-award contracting processes. The problem statement is followed by the pertinent research questions, the research methodology, a discussion of the study's significance and potential benefit to the contracting community, and the scope and organization of the paper. The following chapter provides the literature review of public and private procurement practices.

## II. LITERATURE REVIEW

### A. INTRODUCTION

This chapter includes a literature review of research pertaining to the pre-award contracting process. The literature review begins with the criticality of measuring performance. Then, the chapter includes a discussion of the methods of measuring performance. Next, the chapter provides an in-depth review of the key elements of the pre-award contracting process, focusing on the process, metrics, milestones, and best practices.

As previously mentioned, the 2014 Air Force congressional panel found auditability of contracting organizations to be a top service priority (Marshall, 2014). Auditability requires a combination of efforts by organizational leaders to be effective. As seen in Figure 1, Rendon and Rendon's (2014) Auditability Triangle is composed of personnel, internal controls, and processes. Specifically, the triangle demonstrates that an organization's internal processes should be institutionalized, measured, and improved. Because of the ongoing need for auditability of contract management processes, the Air Force should measure procurement performance.

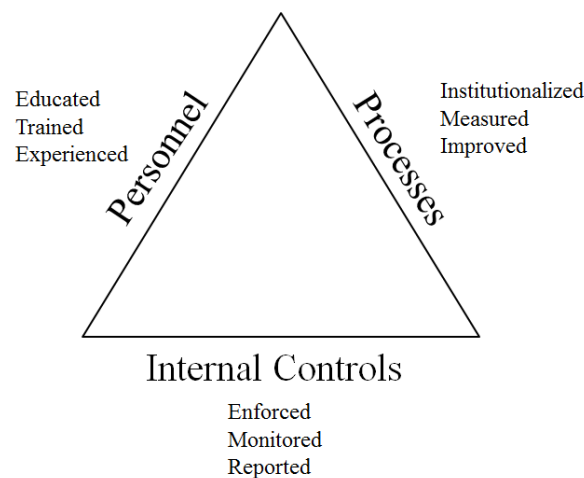


Figure 1. Auditability Triangle (from Rendon & Rendon, 2014)

## **B. WHY MEASURE PERFORMANCE?**

### **1. Support Better Decision-Making**

Since the implementation of the Federal Acquisition Streamlining Act (FASA) of 1994, public procurement agencies have created goals to achieve more effective contract management methods (Defense Procurement and Acquisition Policy [DPAP], n.d.). Former president of Management Assistance Programs, a consulting agency, proposed that agency objectives should be “S.M.A.R.T.” in order to be meaningful to employees. The elements of Doran’s (1981) S.M.A.R.T model include the following:

- (1) Specific—Target a specific area for improvement.
- (2) Measurable—Quantify or at least suggest an indicator of progress.
- (3) Assignable—Specify who will do it.
- (4) Realistic—State what results can realistically be achieved, given available resources.
- (5) Time-related—specify when the result(s) can be achieved. (p. 36)

An absence of performance measurement methods can negatively affect how organizations operate.

Performance measurement is an essential part of organizational decision-making. In order to create plans for future improvements, an organization must first determine which area of performance falls short (Monczka, Handfield, Giunipero, & Patterson, 2011, p. 737). It is only then that procurement agencies can determine which decisions will improve performance in critical areas. Performance measurement positively affects not only how organizations make decisions, but also the decisions of individuals. Other views suggest that performance measures “provide guidance in decision making by focusing a buyer’s attention on particular criteria, e.g., delivery, quality, or cost” (Dumond, 1991, p. 21). One of the aspects of supporting decision-making is clearly communicating expectations to key stakeholders.

### **2. Support Better Communication**

To facilitate better communication within the purchasing community, managers must accurately describe performance measures “within the department, to other departments, with suppliers, and executive management” (Monczka et al., 2011, p. 737).

Robert Behn (2003) stated that “establishing performance goals grabs people’s attention” (p. 590). Effective communication through performance measures can also “validate success; justify additional resources (when appropriate); earn customer, stakeholder, and staff loyalty by showing results; and win recognition inside and outside the organization” (Behn, 2003, p. 591).

Before holding organizations and individuals accountable for expectations, management has a responsibility first to explain the expectations. Studies indicate that individuals with a greater understanding of performance evaluation have a higher commitment to process improvement, more confidence in their performance, and a better sense of contentment in the workplace (Dumond, 1991, p. 27). Once performance measures are clearly communicated, managers can effectively provide performance feedback to purchasing personnel.

### **3. Provide Performance Feedback**

Measuring organizational performance can identify issues that need to be prevented or corrected by providing performance feedback (Monczka et al., 2011, p. 737). Performance feedback can also highlight how well organizations and individuals are performing compared to pre-established standards. Dumond (1991) asserted that managers should employ “performance measurement systems that create productive working environments and encourage the right decisions by purchasing professionals” (p. 22).

### **4. Motivate and Direct Behavior**

The end result of a truly effective performance measurement system is motivating and directing organizational behavior toward ideal end results (Monczka et al., 2011, p. 737). Monczka et al. (2011) identified two ways that a performance measurement system can accomplish this task: (1) indicating to purchasing personnel the performance categories and objectives that an organization deems critical; and (2) linking organizational rewards, such as pay increases, to the accomplishment of performance objectives. Determining which measures are important is critical to an organization’s success. If key stakeholders find performance measures vague or conflicting, they may

become confused and implement decisions that are counterproductive to achieving the organization's goals (Dumond, 1991, p. 22). Given the importance of performance measurement, the next section reviews several methods applicable to both commercial and government purchasing organizations.

## **C. METHODS OF MEASURING PERFORMANCE**

The following are various methods of measuring performance of an organization.

### **1. Results-Based Performance**

Purchasing performance is often measured by how well the purchasing organization meets desired results. Results-based performance measurement establishes key performance indicators (KPIs) that determine whether procurement organizations are meeting desired outcomes (Sabiiti, Muhumuza, & Basheka, n.d., p. 7). Areas that indicate results by a purchasing organization can include contribution to profit and quality of supplier relations. One of the other major determinants of results-based performance is customer satisfaction. End-users of products and services are directly affected by purchasing organization decisions that are implemented (Dumond, 1991). As such, a high amount of reliability in purchasing should result in a higher level of customer satisfaction (Dumond, 1991, p. 22). Conversely, purchasing decisions that result in diminished quality, reliability, or other important features are likely to yield poor customer satisfaction results. The importance of customer satisfaction is revealed by its inclusion in various other performance methods, including the balanced scorecard approach.

### **2. Balanced Scorecard**

The balanced scorecard approach was developed by Robert S. Kaplan and David P. Norton in 1992 (Monczka et al., 2011, p. 761). This method was created to avert total reliance on financial measures in organizations. Kaplan and Norton believed that financial measures alone were insufficient indicators, and they proposed three additional perspectives. The key performance areas that Kaplan and Norton combined with the financial perspective included the customer satisfaction perspective, the operational excellence perspective, and the innovation perspective (Monczka et al., 2011, p. 761).

Although measurement can be accomplished by the balanced scorecard system, Kaplan and Norton stressed that measurement is not the objective of the approach. The primary intent of the balanced scorecard is to clarify general statements and organizational strategy, leading to performance recognition and rewards (Monczka et al., 2011, p. 761). As noted by its influence in creating the contract scorecard method, the balanced scorecard approach has been highly effective in measuring performance (Cullen, 2009, p. 4).

### **3. Scorecards**

Developed by Sara Cullen (2009), the contract scorecard method was created to drive positive outcomes of contracts by addressing the following four quadrants: (1) quality, (2) financial, (3) relationship, and (4) strategic (p. 3). Cullen (2009) defined quality by further assessing how well purchasing organizations measure precision, reliability, speed, effectiveness, and satisfaction (p. 9). Because costs affect every contract, the financial quadrant reviews contract fiscal performance compared to historical costs, target costs, market rates, total cost of ownership, and invoicing and payment methods (Cullen, 2009, p. 21). The relationship quadrant measures how people interact with one another by monitoring the following aspects: communication, conflict resolution, creative solutions, fairness, integration, positive interaction, proactivity, and time investment (Cullen, 2009, pp. 33–34). Lastly, the strategic quadrant measures the ability of the purchasing organization to meet strategic goals regarding innovation, business contribution, alignment with corporate initiatives or goals, and underlying business processes (Cullen, 2009, p. 38). Within each quadrant, Cullen provided examples of KPIs that serve to measure specific actions that drive performance. Cullen's contract scorecard method measures the performance of an individual contract, but the DOD has also developed numerous scorecards to measure key areas of performance.

To ensure that agencies comply with federal and DOD contracting policies, the director of Defense Procurement and Acquisition Policy (DPAP) created and published several contract scorecards that measure competition, electronic document submission, and contract action report (CAR) submission. One of the most important DPAP scorecards measures the competition opportunities provided by procurement

organizations. As a statutory requirement and highly beneficial cornerstone of the federal acquisition system, competition is tracked using the Federal Procurement Data System–Next Generation (FPDS–NG; DPAP, 2014). Reports generated from the FPDS–NG reveal whether more than one offer was received on each procurement. Each fiscal year, the DOD is assigned a percentage-based goal of total dollars obligated that satisfied effective competition (DOD, 2012, pp. 14–15).

The second DPAP contract scorecard involves measuring compliance with the Defense Federal Acquisition Regulation Supplement (DFARS; 2014) Procedures, Guidance, and Information (PGI) 204.201, which requires that all DOD components post contract actions to the Electronic Document Access (EDA) system in electronic format (DPAP, 2014). The EDA scorecard is produced by comparing contract actions documented in the FPDS–NG to contract actions registered in the EDA (DPAP, 2014). The DPAP creates this scorecard for each agency and publishes it once monthly.

In order to create the previous two scorecards, the DPAP measures compliance of communicating details of contract actions. The FPDS scorecard monitors compliance with Federal Acquisition Regulation (FAR; 2014) 4.6, requiring all CARs to be submitted to the FPDS–NG for contract actions above the micropurchase threshold to be reported (DPAP, 2014). Data for this scorecard is retrieved by comparing CARs submitted in the FPDS–NG with contract documents sent to the EDA. Similar to the EDA scorecard, this report is also generated monthly on the DPAP website.

To assess contractor performance, contracting professionals use the Past Performance Information Retrieval System (PPIRS) and Contract Performance Assessment Reporting System (CPARS; DPAP, 2014). These systems report how effectively suppliers have met contractual requirements on previous contracts. The quarterly reported PPIRS scorecard counts the number of contracts submitted to the FPDS–NG and compares that figure to the number of contracts registered in CPARS (DPAP, 2014).

#### **4. Efficiency-Oriented System**

In 1991, Dumond explored the four performance measurement systems utilized by purchasing organizations: (1) an efficiency-oriented system, (2) an effectiveness-oriented system, (3) a multiple-objective system, and (4) a naive system (p. 22). The efficiency-oriented performance measurement system places the emphasis on eliminating inefficiencies by using measures including purchased material cost reductions, operating costs, and order processing time (Dumond, 1991, p. 22). This system examines purchasing operating costs and order processing times. Resources or time saved using an efficiency-oriented system can be applied to other projects within the organization. The premise for all efficiency-oriented systems is based on best practices, such as maturity models, which are discussed in the next section. Lastly, the maturity models are primarily focused on best practices of the organization rather than on compliance to regulations or statutes.

#### **5. Maturity Models**

Garrett (2007) stated that maturity implies “knowledge and understanding as to what it takes to prevent problems and achieve success” (p. 214). Many organizations have adopted the use of maturity models to determine the capabilities of each function and potential areas of improvement. In 1986, the Software Engineering Institute (SEI) began developing a five-level Capability Maturity Model (CMM) to assist with software development (Wysocki, 2004, p. 19). By 1991, the CMM was published as a guide to assist organizations in creating a questionnaire for process improvement (Wysocki, 2004, p. 19). Questionnaire responses would result in the identification of one of the five maturity levels: (1) initial, (2) repeatable, (3) defined, (4) managed, and (5) optimizing (Wysocki, 2004, p. 20). As a testament to the effectiveness of the CMM, the model has been applied to functions other than software engineering. The People Capability Maturity Model (P-CMM) adopted the following levels: (1) initial, (2) managed, (3) defined, (4) predictable, and (5) optimizing (Wysocki, 2004, p. 21). Similarly, the Project Management Maturity Model (PMMM) identifies the five process maturity levels as such: (1) initial, (2) structured, (3) institutionalized, (4) managed, and (5) optimizing



(Wysocki, 2004, pp. 25–27). The PMMM also includes a brief discussion of how to measure procurement project management (Wysocki, 2004, pp. 64–70)

In order to accurately measure an organization's procurement process, a model is required for effective evaluation. In 2003, Dr. Rene Rendon (2008) developed a method for assessing, measuring, and improving an organization's procurement processes titled the Contract Management Maturity Model (CMMM) (p. 200). This systematic tool identifies current levels of performance of a procurement organization and provides a guide to continuously improve an organization (Rendon, 2008, p. 204). The following is a description of the maturity levels of the CMMM, ranging from the “ad hoc” (Level 1) to “optimized” (Level 5).

Level 1: *Ad hoc* represents the initial level of contract management process maturity. At this level, although organizations acknowledge that contract management processes exist in the public and private sector and recognize the value in said practices, the organization has no established organizational processes (Rendon, 2008, p. 205). In the event that contract processes do exist, they are used in a sporadic or inconsistent manner (Rendon, 2008, p. 205). Moreover, documentation of contract processes is informally accomplished and inconsistently applied to contracts. Lastly, deviation from basic contract management processes or standards by organizational managers or purchasing personnel is tolerated without consequence (Rendon, 2008, pp. 205–206).

Level 2: *Basic* is the next maturity level, which is the level held by organizations that have established basic contract processes but only employ these processes on complex, critical, or high visibility contracts (Rendon, 2008, p. 206). Slightly improved from the ad hoc maturity level, there is some documentation that exists for basic contracting processes, but contract management processes are not standard throughout the organization (Rendon, 2008, p. 206). The basic maturity level has no organizational policy that mandates the consistent use of contract management processes or standards except for select contracts (Rendon, 2008, p. 206).

Level 3: *Structured* represents the level of maturity at which contract management processes and standards are fully established, institutionalized, and mandated throughout

the entire organization (Rendon, 2008, p. 206). Additionally, formal documentation exists for these processes, and some processes are possibly automated (Rendon, 2008, p. 206). Mandated contract management processes throughout the organization allow tailoring of processes and documents for the unique characteristics of each project (Rendon, 2008, p. 206). A critical aspect of the structured maturity level is the involvement of senior organizational management in providing guidance and approval of key contracting strategies and decisions (Rendon, 2008, p. 206).

Level 4: *Integrated* is the level assigned to organizations that demonstrate not only fully integrated internal contract management processes, but also processes that are integrated with other core functions, such as financial management, schedule management, performance management, and systems engineering (Rendon, 2008, p. 206). More importantly, the integrated maturity level includes end-users as part of the procurement team (Rendon, 2008, p. 207). To measure aspects of the contract management process, organizational managers implement metrics as part of the decision-making process for procurements (Rendon, 2008, p. 207).

Level 5: *Optimized* is the highest and most ideal maturity level in the CMMM. Here, management applies efficiency and effectiveness performance metrics to measure the quality of contract management processes (Rendon, 2008, p. 207). Moreover, the organization has created lessons learned and best practices programs to improve standards, processes, and documentation (Rendon, 2008, p. 207). As part of the continuous improvement effort, organizations at the optimized level of maturity utilize contract management process streamlining initiatives (Rendon, 2008, p. 207).

The CMMM is a proven measurement technique that has been applied in multiple DOD agencies. These organizations include the Army Aviation and Missile Command (AMCOM), Naval Air Systems Command (NAVAIR), Air Force Logistics Center (ALC), and U.S. Transportation Command (USTRANSCOM; Rendon, 2009, p. 18). AMCOM is an agency that provides acquisition and contracting support for Army missile, helicopter, unmanned ground vehicle, and unmanned aerial vehicle systems (Rendon, 2009, pp. 18–19). NAVAIR, on the other hand, oversees naval aircraft and airborne weapons systems such as the Joint Strike Fighter, V-22 Osprey, and Advanced

Anti-Radiation Guided Missile (Rendon, 2009, p. 19). The ALC provides contract support for programs that range from the C-130 Hercules cargo aircraft to the A-10 attack aircraft (Rendon, 2009, p. 19). USTRANSCOM is the primary agency responsible for the air, land, and sea transportation for the DOD, in times of both peace and war (Rendon, 2009, p. 19). Despite the vast differences in these organizations' mission objectives, the CMMM was a successful method in measuring contract management process maturity levels in each procurement organization. Lastly, the CMMM is built upon the contract management framework (Garrett, 2007) and is discussed in further detail in the following section.

In 1997, Garrett developed a contract management framework that introduced a more specific method of analyzing contract management. Garrett (2007) described the buying process using the following phases: (1) procurement planning, (2) solicitation planning, (3) solicitation, (4) source selection, (5) contract administration, and (6) contract closeout (p. 222). Moreover, this model also explained the activities of the selling party. Seller's phases in the contract management process include (1) pre-sales activity, (2) bid/no-bid decision-making, (3) bid or proposal preparation, (4) contract negotiation and formation, (5) contract administration, and (6) contract closeout (Garrett, 2007, p. 222). Simultaneously viewing the contract process from the buyer's and seller's perspectives fosters a commitment to developing and maintaining professional business relationships (Garrett, 2007, p. 222). More importantly, these key process areas "were instrumental in developing assessment tools for measuring an organization's contract management process capability" (Garrett, 2007, p. 223).

In order to analyze how contract management processes are performing, organizations should understand the aspects of each phase of contracting. Coupling Garrett's (2007) contract management framework and Rendon's (2008) Contract Management Maturity Model assists in evaluating the six phases of the contract management process. Section 6 of this chapter offers a brief explanation of each phase of the contract management process.

## **6. Process Analysis**

Procurement planning is the initial contract management phase that identifies which organizational needs can be met by procuring products or services outside the organization (Garrett, 2007, p. 81). Garrett (2007) explained further that “this process involves decisions regarding whether to procure, how to procure, what to procure, how much to procure, and when to procure” (p. 81). It is also in this phase that subcontracting considerations are made that affect contract management decisions.

Solicitation planning involves preparing the documents needed to support the solicitation (Garrett, 2007, p. 88). In this phase, the procurement organization documents requirements for upcoming projects and identifies potential sources (Rendon, 2008, p. 208). Decisions made in the solicitation planning phase directly affect the subsequent phase of contract management.

Solicitation is the process of obtaining bids or proposals from prospective sellers on how organizational needs can be met (Rendon, 2008, p. 208). Potential sellers spend most of the effort in response to this contracting phase. This additional effort is usually at no cost to the buyer (Garrett, 2007, p. 90). Garrett (2007) argued that solicitation is the final pre-award phase of the contract management process (p. 81).

Source selection is the process of receiving bids from prospective bidders and applying evaluation criteria to select a provider (Rendon, 2008, p. 208). Evaluating proposals, negotiating contract terms and conditions, and selecting contractors occur in the source selection phase. Due to the many factors affecting the outcome of source selection, this phase can often be complicated.

Contract administration is the process of ensuring that each party’s performance meets established contractual requirements (Rendon, 2008, p. 208). Garrett (2007) identified three ways that contracts can end: successful performance, mutual agreement, or breach of contract (p. 185). In this phase of contract management, the procurement organization must manage interactions between designated providers and end-users. Another important factor in contract administration is the legal implication of each action taken when administering the contract (Garrett, 2007, p. 162).

Contract closeout is the process of verifying that all administrative matters are concluded on a contract that is otherwise physically complete (Rendon, 2008, p. 208). A contract can be closed out when the seller has delivered the product or performed the service, and the buyer has accepted or received the supplies or services (Garrett, 2007, p. 185). In FAR 4.804, Closeout of Contract Files, agencies require acceptance of contract performance and proof of payment to contractors before closing contracts.

Previously mentioned measures of performance are based on the use of best practices, but federal contracting organizations measure performance based on statutory and regulatory compliance. These performance measures are discussed next.

## **7. Compliance-Based Assessments**

The FAR is the primary governing authority for federal contract management. As noted by the Contract Management FAR Matrix in Appendix A, parts of this regulatory guidance address each phase of the contract management process. Many organizations primarily measure procurement performance based on the ability to conduct contractual actions with respect to a given set of rules. Performance measures of this type are assessed by conducting periodic reviews and inspections of each respective organization.

The Air Force Compliance Inspection Program exists to assess compliance with federal laws, regulatory policies, and DOD and Air Force directives and instructions across the enterprise (Air Force Federal Acquisition Regulation Supplement [AFFARS], 2014). With the use of a compliance checklist, the program verifies adequate contract preparation and assists contracting officers and inspectors in preparing, reviewing, and inspecting contract files and management programs (AFFARS, 2014). Per Air Force Instruction (AFI) 90–201, all major commands (MAJCOMs), direct reporting units (DRUs), and the Air Force Installation Contracting Agency (AFICA) are directed to conduct annual inspections of contract files and management procedures (SECAF, 2013). The uniform method of measuring compliance is through the Air Force Contracting Compliance Inspection Checklist.

The compliance checklist (see Appendix B) in Mandatory Procedure (MP) 5301.601-91 presents contracting offices with over 150 questions to measure compliance

levels. Questions are divided into 27 general contracting subheadings and 12 general management subheadings that are graded on a three-tier system. Applicable FAR references are provided for each question, and respondents must answer with Yes, No, or N/A. The severity of the tiers is as follows:

- Tier 1: Non-compliance puts Airmen, commanders, or the USAF at high risk of mission or program failure, injury, legal jeopardy or waste;
- Tier 2: Non-compliance limits mission or program effectiveness or efficiency and adds significant risk of mission or program failure, injury, legal jeopardy or waste; and
- Tier 3: Non-compliance limits mission or program effectiveness or efficiency but does not create significant risk of mission or program failure, injury, legal jeopardy, or waste (AFFARS, 2014).

U.S. Navy Procurement Performance Management Assessment Program (PPMAP) reviews are a method developed by the U.S. Navy to measure statutory performance. In accordance with Navy Supply Instruction (NAVSUPINST) 4200.82F (U.S. Navy [USN], 2012), PPMAP reviews are conducted to “ensure the exercise of contracting authority delegated by NAVSUPSYSCOM Head of the Contracting Activity (HCA) is effective, efficient and within statutory, regulatory and agency guidelines” (USN, 2012). Major review areas include contract quality, management oversight, and procurement integrity. These reviews also identify systemic contracting issues, provide ad-hoc training, and ensure that training requirements and contract authority are in compliance (USN, 2012). During periodic inspections, review teams designate performance levels of unsatisfactory, marginal, satisfactory, or highly satisfactory. Lastly, PPMAP reviews evaluate whether delegated contracting authority is appropriate for mission accomplishment (USN, 2012). Failure to comply with applicable regulations can result in consequences as severe as revocation of contracting authority.

DOD Peer Reviews, as described by DFARS (2014) PGI 201.170-1, exist to accomplish the following:

- (a) ensure that DOD contracting officers are implementing policy and regulations in a consistent and appropriate manner;

- (b) continue to improve the quality of contracting processes throughout the DOD; and
- (c) facilitate cross-sharing of best practices and lessons learned throughout DOD.

Although DFARS 201.170(a) only mandates DOD peer reviews for new pre-award competitive contract actions valued at more than \$1 billion and noncompetitive contract actions for more than \$500 million, DFARS 201.170(b) requires that military departments develop peer review processes for pre-award peer reviews of solicitations that do not meet the previously mentioned thresholds. According to DFARS (2014) PGI 201.170-2, peer reviews are required before the following milestones: “(1) issuance of the solicitation; (2) request for final proposal revisions (if applicable); and (3) contract award.”

As indicated by the numerous aforementioned methods of performance measurement, it is clear that organizations have many options to assess capabilities. Methods can be based on measurements of results, specific scorecards, or levels of efficiency. Other methods include contract maturity models, analysis of contract processes, and compliance inspections.

Garrett (2007) proclaimed that contract management can be defined as “the art and science of managing a contractual agreement throughout the contracting process” (p. 390). As such, this research measures procurement performance of DOD organizations by conducting a comparative analysis of the contract management process. As previously mentioned, Garrett (2007) categorized the pre-award phases of the contract management process as procurement planning, solicitation planning, and solicitation. Based on the activities within the source selection phase that occur before contract award, this research considers the source selection phase as the final phase of the pre-award process. Within each pre-award phase of the contract management process, this research examines specific processes, metrics, milestones, and best practices.

## **D. PROCESSES**

Within each respective pre-award phase of the contract management process are key process activities. These activities are highly dependent on key stakeholder input and FAR directives. Processes within each pre-award phase are described further in the following section.

### **1. Procurement Planning**

The procurement planning activities begin with conducting an outsource analysis (Rendon & Snider, 2008, p. 166). Next, the procurement agency defines and determines the supply or service to procure (Rendon & Snider, 2008, p. 166). FAR 10.001(a)(2)(i) requires that agencies conduct market research in the procurement planning phase. Rendon and Snider (2008) suggested that pre-solicitation conferences and development of preliminary requirements documents fit most appropriately in this pre-award phase (p. 166).

Additionally, the procurement planning phase contains initial budget and cost estimates. One of the most critical activities that occur during procurement planning is selection of contract type and consideration of any special contract terms and conditions (Rendon & Snider, 2008, p. 166). The final activity in procurement planning is conducting risk assessment for the project. The importance of the procurement planning phase cannot be understated, as it provides the foundation for all other phases of the contract management process. Without procurement planning, the procurement team would not be able to effectively transition to solicitation planning.

### **2. Solicitation Planning**

Solicitation planning involves the “process of preparing the documents needed to support the solicitation” (Garrett, 2007, p. 405). This process involves documenting program requirements and identifying potential sources (Garrett, 2007, p. 405). In solicitation planning, the procurement method (i.e., sealed bids, negotiated proposals, e-procurement methods, procurement cards, etc.) is determined for the product or service being contracted (Rendon & Snider, 2008, p. 167). This pre-award phase also determines



the contract type that will be utilized. Some examples of contract types mentioned in FAR Part 16 include fixed price, fixed price with economic price adjustment, fixed price incentive fee, cost plus incentive fee, cost plus award fee, and time and material contracts.

The solicitation planning phase is when critical solicitation documents are discussed. Additionally, this phase determines proposal evaluation criteria and contract-award strategy (Rendon & Snider, 2008, p. 167). More extensive structuring of contract terms and conditions also occurs, while preliminary requirements documents from procurement planning are finalized.

### **3. Solicitation**

Solicitation is the process of obtaining information (bids and proposals) from the prospective sellers on how project needs can be met (Garrett, 2007, p. 90). Solicitation begins with advertising opportunities or providing notice to interested offerors for selected procurements (Rendon & Snider, 2008, p. 173). FAR 5.002 states that advertising in this important phase can “increase competition, broaden industry participation in meeting government requirements, and assist the various types of small business concerns in obtaining contracts and subcontracts.”

If necessary, the procurement organization also conducts pre-proposal conferences in the solicitation phase (Rendon, 2008, p. 173). These conferences allow the procurement team to address administrative errors and oversights before bidders submit final proposals. Following proposal submissions, the solicitation phase is the first opportunity to establish a qualified bidder’s list. Bidder submissions also provide the procurement organization with proposals that are evaluated in the source selection phase.

### **4. Source Selection**

Source selection is the process of establishing and applying specific criteria for the evaluation and discrimination of offers in order to make a qualified selection (E. C. Yoder, personal communication, April 16, 2014). This phase includes the evaluation of offers and proposals and contract negotiations between the buyer and seller in an attempt

to come to an agreement on all aspects of the contract, including cost schedule, performance, terms and conditions, and anything else related to the contracted effort (Rendon & Snider, 2008, p. 174). Typically included in source section are (1) applying evaluation criteria to management, cost, and technical bids or proposals; and (2) negotiating with suppliers and (3) executing the award strategy (Rendon & Snider, 2008, p. 174).

Because contract success or failure depends on the competence and reliability of one or more key sellers and their subcontractors, source selection is one of the most important decisions a buyer will make (Garrett, 1997, p. 9). FAR 15.101 demonstrates that this phase can be as simple as selecting the lowest priced offer or as complex as conducting a tradeoff of multiple factors other than cost or price. In addition to measuring processes, contracting organizations should also apply metrics to pre-award contracting processes.

## **E. METRICS**

The following are various metrics that can be implemented to the pre-award contracting process.

### **1. Commercial Metrics**

Metrics in the pre-award phases of the contract management process are essential to determine whether organizational objectives are being achieved. A standardized metrics plan is one way that organizational management defines success to subordinates. In this section, several commercial metrics that are used to measure procurement performance are described.

Price performance metrics measure how effectively an organization spends purchase dollars (Monczka et al., 2011, p. 739). One way of accomplishing this is to compare the actual price to the planned price of the product or service. Commercial procurement organizations can also compare purchase prices to publicly available market prices (Monczka et al., 2011, p. 741). Another method for measuring price performance

compares prices of one individual sub-organization to that of another to determine which unit is negotiating the best price (Monczka et al., 2011, p. 742).

Cost-effectiveness measures focus attention on efforts to reduce purchase costs (Monczka et al., 2011, p. 743). Procurement organizations can measure performance by examining cost changes and cost avoidance. According to Monczka et al. (2011), “cost change represents an actual change from a prior-period price, whereas cost avoidance refers to the amount that would have been paid minus the amount actually paid” (p. 744).

Revenue measures demonstrate the impact of purchasing and supply strategies and actions on revenues of the firm (Monczka et al., 2011, p. 744). Examples include uncovering new technologies and gaining exclusive access to revenue generating products. Supplier contribution that leads to new business is another example of a revenue measure (Monczka et al., 2011, p. 745).

Quality measures can take the form of parts per million (PPM), customer defects per supplier, or field failure rates by purchase item and by supplier (Monczka et al., 2011, p. 745). PPM determines a maximum number (in absolute or percentage terms) of level of defects allowable for any particular product, assembly, or service (Monczka et al., 2011, p. 745). Customer defects per supplier is a competitive metric that determines which supplier has a higher record of quality. Field failure rates by purchase item and supplier measures the occurrence of failures of parts or services when actually incorporated into the final product or service and supplied to external customers (Monczka et al., 2011, p. 745).

Time, delivery, and responsiveness measures indicate a supplier’s ability to provide products or services in a sufficient and timely manner. Organizations can employ time-to-market targets that measure the amount of time from concept to first shipment or provision of a product or service to the external customer (Monczka et al., 2011, p. 746). Common metrics systems measure the degree to which suppliers are able to meet due dates and delivery windows by calculating percentages of on-time deliveries by each supplier. Responsiveness metrics systems observe total cycle times and adaptability to demand or schedule changes.

The goal of technology or innovation measures is to garner new technology development through contractual agreements. Examples of metrics could be the number of agreements with key suppliers for critical technologies (Monczka et al., 2011, p. 747). Conversely, there are other metrics systems that aim to reduce product complexity and align with industry standards. Examples of innovation reduction measures include reduction of different items used, percentage of new products or services made up of currently purchased items, and number of industry-unique items utilized in a new product or service (Monczka et al., 2011, p. 747).

Physical environment and safety measures involve tracking the achievement of environmental and safety goals and costs associated with both voluntary and mandated compliance (Monczka et al., 2011, p. 747). An example of a metrics system is the Institute for Supply Management (ISM) “Sustainability and Social Responsibility Metrics and Performance Criteria for Sustainability and Social Responsibility Initiatives” (Monczka et al., 2011, p. 747). Individual measures within an environmental and safety metrics system can include the use of sustainability criteria in procurement decisions; processes in place to embed sustainability and social responsibility into supplier qualification and certification decisions; processes in place to embed sustainability and social responsibility into product design, redesign, and statements of work (SOWs); and various other related measures (Monczka et al., 2011, p. 747).

Government and social measures determine how well purchasing organizations meet minority-owned, women-owned, and small business enterprise objectives. These metrics help satisfy social, state, and federal requirements that require public and private organizations to place a percentage of their business with minority- and women-owned businesses (Monczka et al., 2011, p. 749). Purchasing strategy is affected by government and social measures as expenses are tracked and reported in these areas.

Internal customer satisfaction measures indicate how well the procurement function’s efforts satisfy customer needs. This is typically done by surveying internal customers and asking them to indicate their satisfaction with purchasing by responding to a series of questions (Monczka et al., 2011, p. 750). Customer satisfaction surveys can also be extended to suppliers.

Strategic performance measures reflect a purchasing organization's capability to support overall corporate and functional goals, which means a reduced emphasis on pure efficiency measures and a greater emphasis on effectiveness measures (Monczka et al., 2011, p. 751). Examples of effectiveness measures include tracking early supplier involvement in product design, performance, performance gains resulting from direct supplier development efforts, and supplier-provided improvement suggestions (Monczka et al., 2011, p. 751). Strategic performance measures help a purchasing organization transition from simply being an administrative support function to one that provides strategic value (Monczka et al., 2011, p. 751).

Metrics systems are not limited to only commercial procurement organizations. Though slightly different, federal procurement organizations also strive to measure performance. Section 2 of this chapter includes examples of how individual government agencies can implement metrics to enhance procurement performance.

## **2. Government Metrics**

Despite its numerous statutes and regulations, the federal government does not take a consistent approach to implementing metrics systems. A recent Government Accountability Office (GAO; 2013) report found that the USD(AT&L) has not established department-wide metrics to assess the effects of its actions to improve service acquisition. The USD(AT&L) acknowledged the validity of the need to establish department-wide metrics but indicated that adopting metrics from commercial companies would prove to be difficult (GAO, 2013). This is due to the commercial focus of reducing spending and improving a company's financial position, which does not mirror DOD objectives. Conversely, the DOD's focus is meeting public policy and socioeconomic objectives. The DOD budget is based on resource allocation that will achieve national security and global military objectives. An additional limiting factor is that the DOD's budget is appropriated by Congress rather than through the sale of goods and services. Individual government agencies have developed their own metrics systems.

Rendon and Yoder's Basic Performance Metrics (see Appendix C) identifies four major categories that can assist public organizations in measuring procurement

performance. This metrics system endeavors to measure performance by collecting clear and visible objective metrics tied to accomplishment (R. Rendon, & E. C. Yoder, personal communication, April 28, 2014). The four major categories include mission metrics, management metrics, process metrics, and customer service metrics. Appendix C provides examples of measures within each metrics category.

Despite the countless benefits that metrics systems provide, the use of standardized metrics is not universally adopted in procurement organizations. Unique business objectives and operational goals do not always align with the already established metrics systems that were previously mentioned. Organizations in this predicament have the option to develop their own performance measurement system using basic principles.

### **3. Developing a Performance Management System**

Monczka et al. (2011) asserted that the development of a measurement and evaluation system requires the leadership, support, and commitment of executive management, who must commit the financial resources necessary for system development (p. 751). Management support is also necessary in requiring all purchasing locations to use the same system structure, which can reduce duplicate efforts and save development and training costs. Figure 2 provides additional details on specific steps to develop a purchasing and supply chain performance measurement and evaluation system. Metrics are vital in measuring procurement performance, but contracting organizations also need established milestones.

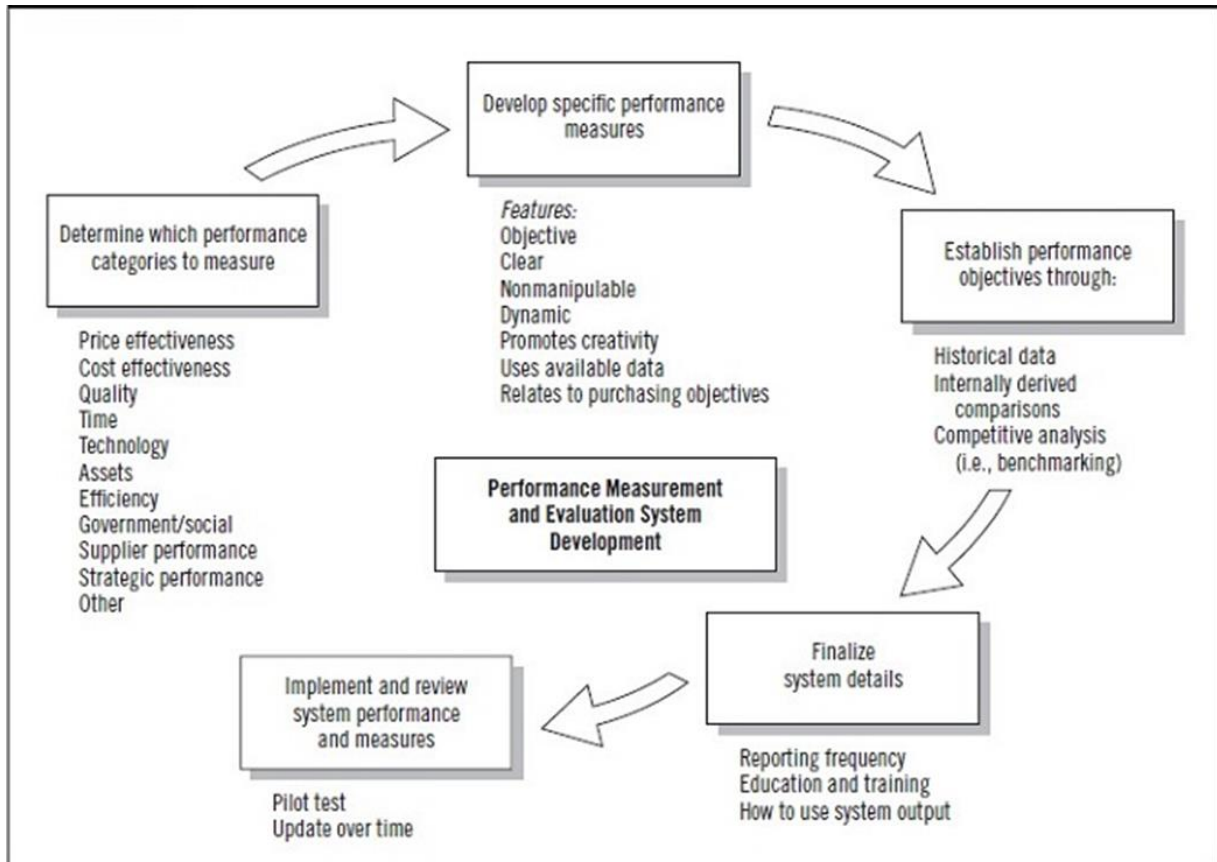


Figure 2. Developing a Purchasing and Supply Chain Performance Measurement and Evaluation System (from Monczka et al., 2011, p. 753)

## F. MILESTONES

The following section discusses the established milestones for procurement planning, solicitation planning, solicitation, and source selection.

### 1. Procurement Planning

Activities of each contract management phase can be monitored by the achievement of associated milestones. These contracting process milestones begin in procurement planning. Regarding milestones, FAR 7.105 states, “In order to facilitate attainment of the acquisition objectives, the plan must identify those milestones at which decisions should be made.”

As previously mentioned, the procurement planning process consists of the following activities: conducting an outsource analysis, conducting market research, initiating preliminary requirements documents, developing initial budget estimates, and conducting project risk assessment.

Before any procurement begins, an outsource analysis must be conducted in the procurement planning phase. This activity determines if new requirements can be met with existing resources or if outsourcing should occur (Garrett, 2007). The milestone that signifies completion of this activity is the accomplishment of the make-or-buy decision document.

Initial market research is also an important activity that occurs during the procurement planning phase. FAR 10.001(a)(2)(i) states that agencies must conduct market research “before developing new requirements documents for an acquisition by that agency.” Completion of this activity is represented by the milestone of a completed market research report.

The initiation of preliminary requirements documents is an essential activity that occurs during the procurement planning phase. These documents provide details regarding the scope of the requirement, product or service descriptions, and other pertinent details for the procurement. According to Garrett (2007), the scope statement “provides information about buyer needs and strategies that must be considered during procurement planning” (p. 82). Product descriptions not only provide information that addresses technical concerns, but they also indicate what the end-state of the requirement should be (Garrett, 2007). Also considered are essential data such as market conditions, other planning output, constraints, and assumptions (Garrett, 2007, p. 82). The milestone for this activity is the initial draft of the statement of work (SOW) or performance work statement (PWS).

Another critical activity that occurs during procurement planning is the development of initial budget and cost estimates. The procurement planning phase includes key stakeholders involved in establishing appropriate budgets for each contract requirement. In general terms, a stakeholder is defined as “a person, group or



organization that has interest or concern in an organization. Stakeholders can affect or be affected by the organization's actions, objectives and policies" ("Stakeholder," 2014). These budget estimates determine the amount of fiscal resources that will be available to each contract requirement. Submission of a purchase request by the customer is the milestone of this activity.

To mitigate unfavorable events during the procurement, organizations conduct the activity of risk assessment in the procurement planning phase. Garrett (2007) asserted that "the buyer must identify the sources of uncertainty about contract performance and the risks associated with those uncertainties" (p. 84). This activity reduces potential conflict, while increasing the chance of a successful contract. Risk assessment can be addressed by the milestone of a completed procurement management plan.

## **2. Solicitation Planning**

Milestone activities for solicitation planning are stated in FAR Part 7, Acquisition Planning, and are listed in Table 3. It is important to note that usage of the contents of activities in Table 3 (see Appendix D) varies from contracting offices and type of procured requirement. Nevertheless, the general guiding framework for all contracting requirements follows the contents listed in Appendix D. Moreover, the actual activities of the solicitation planning phase are finalizing supporting documents, determining method of procurement, identifying potential suppliers, and identifying contract type.

One of the most important activities within the solicitation planning phase is finalizing supporting documents that originated in procurement planning. Finalized drawings and specifications received from stakeholders eliminate ambiguity in requirements and facilitate better understanding from suppliers. Along with the procurement documents are the evaluation criteria of the acquisition. The purpose of the evaluation criteria is to "rate or score proposals" (Garrett, 2007, p. 90). The finalized SOW can arguably be considered the most important element, considering that it describes the customer's requirement. The finalized SOW and other supporting documents allow the acquisition team to reach the milestones of completed solicitation support documents and established evaluation criteria.

Within the solicitation planning phase is the activity of determining the procurement method. Acquisition teams must determine which method is most appropriate for a procurement based on dollar value and complexity of the project. Some examples include sealed bids, negotiated proposals, e-procurement methods, and procurement cards (Rendon & Snider, 2008). This activity also has completed solicitation documents as a milestone.

It is beneficial for procurement organizations to complete the activity of identifying suppliers within the solicitation planning phase. A preliminary search for appropriate suppliers can indicate the level of competition that a solicitation will receive. Supplier identification can also influence the procurement method decision. Qualified seller lists are among the documents that can be included in the completed solicitation documents milestone.

Deciding on contract type is another activity that occurs during the solicitation planning phase. Some examples of contract types are firm fixed price, fixed price incentive fee, cost plus incentive fee, cost plus award fee, and indefinite delivery contracts. Contract type is specified within the milestone of completed solicitation documents.

### **3. Solicitation**

Using qualified seller lists, general circulation publications, or other methods of notifying potential suppliers, procurement organizations advertise procurement opportunities in the solicitation phase. Solicitation documents used can include the following documents: request for proposal (RFP), request for quotation (RFQ), request for tenders (RFT), invitation to bid (ITB), invitation for bids (IFB), and invitation for negotiation (IFN; Garrett, 2007, p. 89). The Office of the Secretary of Defense for AT&L (Acquisition Initiatives) *Commercial Item Handbook Version 2.0* states that

describing agency needs and acquisition planning the FAR 7.102, FAR 10.001 and FAR 11.002 policy require agencies to adequately specify and identify its needs using market research in a manner designed to: Promote full and open competition, or maximum practicable competition when using simplified acquisition procedures. (DPAP, n.d., p. 11)

The anticipated result of an RFP or RFQ is to receive viable offers for the purpose of evaluation, which is accomplished by source selection. In addition, the solicitation of a clear and concise RFP or RFQ translates to a higher probability of a successful source selection. Activities that occur in solicitation are advertising opportunities, pre-proposal conferences, solicitation clarification, and obtaining bids.

The first activity of solicitation is the advertisement of the procurement. Advertisement allows procurement organizations to gather information from suppliers about how needs can be met. The milestone of this activity is submission of the solicitation document (i.e., RFP, RFQ, etc.) to the organization's procurement portal.

Scheduling pre-proposal conferences is another activity that occurs in the solicitation phase. Garrett (2007) described these conferences as “meetings with prospective sellers before they prepare their proposals” (p. 91). Questions regarding the procurement are proposed by suppliers at these conferences. With questions received, the procurement organization can clarify administrative errors or ambiguities in the solicitation clarification activity. The milestone for these two activities is the retrieval of updated offers.

After the advertisement is published, procurement organizations conduct the activity of obtaining bids from interested suppliers. Depending on the details of the solicitation, bids can arrive in written or oral form (Garrett, 2007). The milestone for this activity is retrieving offers that arrived within the specified solicitation timeframe.

#### **4. Source Selection**

Selecting the best awardee that satisfies the contract requirement is the focus of the source selection phase. Defined in further detail, the purpose of a source selection is to

- maximize competition;
- minimize the complexity of the solicitation, evaluation, and selection process;
- ensure the impartial and comprehensive evaluation of proposals; and

- ensure selection of the source whose proposal is most advantageous and realistic and whose performance is expected to best meet stated government requirements. (Nash, Schooner, O'Brien-DeBakey, & Edwards, 2007, p. 535)

The activities that occur during the source selection phase include convening of the source selection team, evaluation of proposals, contract negotiation, and contract award.

The first activity that occurs during source selection is the convening of the source selection team. For smaller or less complex requirements, an individual procurement professional may be used in place of a team. The purpose of the source selection team is to conduct the activity of evaluating proposals based on evaluation criteria. A source selection depends on appropriately structured evaluation criteria along with the correct source selection team. Before evaluating proposals, the source selection team completes the milestone of accepting proposals that were submitted in accordance with the terms and conditions of the solicitation. Logically, the milestone of completing evaluations concludes the proposal evaluation activity.

When appropriate, contract negotiation is an activity that occurs during the source selection phase. Garrett (2007) identified some negotiable subjects, including “responsibilities and authorities, applicable terms and law, technical and business management approaches, contract financing, and price” (p. 138). Contract negotiation concludes with the source selection activity and milestone of the contract award.

Organizations have the potential to obtain and sustain competitive advantages by utilizing best practices. These best practices are ingrained and exist in procurement planning, solicitation planning, solicitation, and source selection, and are discussed in the next section.

## **G. BEST PRACTICES**

### **1. Procurement Planning**

A best practice activity in the procurement planning phase can be traced to the National Cash Register (NCR) Corporation. NCR Corporation stated that “a customer-

focused team is a cross-functional unit dedicated to understanding a specific customer's needs and interest and to delivering solutions fitting the customer's unique organizational profile" (Garrett, 2007, p. 39). The use of cross-functional teams is a best practice that emphasizes the use of proactive activity versus a reactive activity. Garrett (2007) stated the following about stakeholder involvement in best practices under solicitation planning: "Teamwork is the essential element of success" (p. 204). The cross-functional team members involved in the best practices of procurement planning generally include contracting, finance, and the customer.

Another best practice that can benefit procurement organizations is the use of an effective contract management methodology. The best practice of using a contract management methodology cannot be understated considering it provides overarching guidance to all procurement employees. The framework of this best practice is rooted in the idea that "it sets forth all steps required and clearly defines the roles and responsibilities of everyone involved" (Garrett, 2007, p. 199). Best practices of using cross-functional teams and an established contract management methodology benefit procurement organizations during procurement planning.

## **2. Solicitation Planning**

Garrett (2007) stated that a best practice in solicitation planning is one that can "adopt a uniform solicitation, proposal, and contract format" (p. 202). This manner of conducting operations reduces lead time and increases unit standardization. Garrett (2007) also stated that "issuing all solicitations in a common format, requiring that proposals follow the same format, and awarding contracts that use the format—has been used by the U.S. government for many years" (p. 202).

Garrett (2007) further encouraged organizations to "simplify standard contract terms and conditions" as a best practice (p. 201). This push to create succinct contracts is commonly exercised in the commercial sector. Garrett (2007) wrote, "Too many companies use standard terms and conditions that are needlessly wordy, overly legalistic, and difficult to understand" (p. 201). He also goes on to state that such overly complex

methods are “viewed negatively by the other party and constitute obstacles to successful business deals” (Garrett, 2007, p. 201).

### **3. Solicitation**

The solicitation phase can be improved by applying several best practices. It is much less risky to learn from history than to learn from experience. One best practice that Garrett (2007) advocated during the solicitation phase is the use of past successful solicitations as a tool for benchmarking lessons learned (p. 98). Similarly, posting draft solicitations for the purpose of receiving early industry feedback is a best practice in the solicitation phase.

Another best practice that can be used during the solicitation phase is developing streamlined solicitations. An example of this best practice can be seen in government procurement organizations. Under FAR 12.603, Streamlined Solicitation of Commercial Items, the contracting officer can combine the synopsis and solicitation into a single document, thus reducing the time to solicit and award contracts. Developed specifically for commercial contracting, the Standard Form 1449 is consistently applied to government solicitations, thereby increasing familiarity during this phase.

### **4. Source Selection**

Garrett (2007) stated that “source selection is a matter of the buyer’s choosing the right seller for the situation” (p. 160). A best practice within source selection is proper training for the source selection team. One manner of training is offered through the Defense Acquisition University’s Continuous Learning Course 007, entitled Contract Source Selection. Another form of training is specific source selection training appropriate for each specific procurement.

Ensuring that continuity of the original source selection team is in place for the duration of the source selection is another best practice that dramatically improves the overall performance of the process. Eliminating frequent turnover of source selection individuals will aid in maintaining the continuity of the acquisition.

A final best practice is the appropriate designation of source selection evaluators required to execute a seamless source selection. As previously mentioned in Section D, Processes, these individuals should have backgrounds in cost concepts and management and be subject-matter experts. Garrett (2007) identified numerous best practices that occur in procurement planning: solicitation planning, solicitation, and source selection, as shown in Appendix E.

## **H. SUMMARY**

This chapter included a discussion of why procurement organizations should measure performance. Additionally, numerous methods of performance measurement were introduced that would benefit procurement organizations. One of the notable methods mentioned was the process analysis of each phase of the contract management process. Lastly, this chapter explained the key process activities, metrics, milestones, and best practices of each phase. The following chapter explains the current Air Force contracting organizational structure.

### III. OVERVIEW OF AIR FORCE CONTRACTING

#### A. INTRODUCTION

This chapter provides an overview of the U.S. Air Force contracting organizational structure. It explains how the contracting function is performed at each organizational level and describes numerous contracting environments. Moreover, this chapter highlights the evolution of operational contracting and its importance to the Air Force mission.

#### B. AIR FORCE CONTRACTING STRUCTURE

##### 1. Air Staff Level

The highest level of Air Force contracting oversight is carried out by the deputy assistant secretary for contracting, Office of the Assistant Secretary of the Air Force for Acquisition (SAF/AQC). As one of four functional directorates, this organization reports to the Office of the Assistant Secretary of the Air Force for Acquisition (SAF/AQ). SAF/AQC is charged with developing the Air Force contracting strategic planning process. As displayed in Figure 3, aspects of the strategic plan include the vision, mission, goals, and guiding principles. The current vision is “Be America’s Best ... War-Winning Capabilities on Time, on Cost” (SAF/AQC, 2009, p. 4). SAF/AQC’s current mission is to “develop and execute responsive strategies and compliant sourcing solutions to enable the global Air Force mission” (SAF/AQC, 2009, p. 4).



Figure 3. Air Force Contracting Strategic Planning Model  
(from SAF/AQC, 2009, p. 11)



Establishing the overarching strategy of the Air Force contracting function is the main purpose of SAF/AQC, but it also has many other areas of responsibility. Due to the nature of the contracting function, SAF/AQC serves as a business advisor to the secretary of the Air Force (SECAF), chief of staff of the Air Force (CSAF), and other senior leaders. This directorate is also the Air Force competition advocate general and leader of sourcing and transformation initiatives. Additionally, SAF/AQC is the focal point for Air Expeditionary Force (AEF)/contingency and operational contracting support. SAF/AQC also oversees contracting career field management for all Air Force enlisted, officer, and civilian contracting professionals. While SAF/AQC is devoted to the contracting function, there are other contracting units that operate within the Air Force organizational structure.

## **2. Major Commands**

Major commands (MAJCOMs) are major subdivisions of the Air Force that execute specific segments of the Air Force mission. Air Force MAJCOMs include Air Combat Command (ACC), Air Education and Training Command (AETC), Air Force Global Strike Command (AFGSC), Air Force Space Command (AFSPC), Air Force Special Operations Command (AFSOC), Air Mobility Command (AMC), Pacific Air Forces Command (PACAF), and U.S. Air Forces in Europe (USAFE). In accordance with Air Force Instruction 38–101 (SECAF, 2014), *Air Force Organization*, normal wings structures include operational contract squadrons (p. 25). Operating locations from the Air Force Installation Contracting Agency (AFICA) also support each MAJCOM.

## **3. Air Force Installation Contracting Agency**

Activated October 1, 2013, AFICA is an Air Force–level field operating agency (FOA) that supports contracting requirements above the wing level. Its mission is to provide “enterprise contracting solutions to enable efficient and effective mission and installation operations” (AFICA, 2014, para. 2). Contracting solutions are implemented by a combination of nine AFICA operating locations (OLs), six specialized contracting squadrons (SCONS), and three enterprise sourcing squadrons (ESS), which are discussed in this section.

Located at Joint Base Langley-Eustis, Virginia, OL-ACC (AFICA/KC) oversees 14 operational contracting squadrons, U.S. Air Force Central Command, and the U.S. Military training mission in Saudi Arabia (AFICA, 2014). AFICA/KC also provides contract clearance, guidance, and policy oversight to ACC's contracting workforce (AFICA, 2014). AFICA/KC is composed of more than 580 military and civilian contracting professionals.

OL-AETC (AFICA/KT) is aligned with AETC and oversees the education and training missions of 11 operational contracting squadrons from Randolph Air Force Base (AFB), Texas. AFICA/KT policy applies to more than 12,000 contract actions and over \$1.2 billion in obligations executed in AETC squadrons (AFICA, 2014). AFICA/KT also provides contract clearance, guidance, and policy oversight to the 338th Specialized Contracting Squadron (SCONS). 338 SCONS is responsible for Air Force Program Executive Office for Combat and Mission Support (AF PEO/CM) acquisitions not limited to initial flight screening, international F-16 training, aircraft maintenance services, and civil engineering services (AFICA, 2014).

OL-AFGSC (AFICA/KG) oversees contracting operations in strategic nuclear deterrence and global strike operations at five AFGSC bases. Located in Barksdale AFB, Louisiana, AFICA KG provides contract clearance, guidance, and policy oversight for a more than \$323 million portfolio. AFICA/KG also serves as senior business advisors to the AFGSC commander and recommends contracting improvements across the MAJCOM.

At Peterson AFB, Colorado, guidance is provided to five operational contracting squadrons and one contracting flight from OL-AFSPC (AFICA/KS). This organization serves as a business advisor to the AFSPC commander and the AFSPC competition advocate. AFICA/KS approves acquisition strategies, performs clearance reviews for non-PEO contracting actions, and provides contracting oversight for all AFSPC contracting and quality assurance personnel outside of Space and Missile Systems Center (SMC; AFICA, 2014). Additional responsibilities include deploying contingency contracting officers (CCOs) to support operations, conducting staff assistance visits, and monitoring contract data reporting.

The operating location that supports AFSOC is OL-AFSOC (AFICA/KO) at Hurlburt Field, Florida. AFICA/KO provides customer support to five special operations wings, two special operations groups, and the Air Force Special Air Warfare Center. Additionally, AFICA/KO oversees professional workforce development of two Special Operations Contracting Squadrons (SOCONS) and the 765th Specialized Contracting Flight (SCONF) at Hurlburt Field. Goals of the 765 SCONF include providing enterprise-wide, specialized sourcing support to all AFSOC organizations and associated tenants; leveraging Air Force buying power to achieve efficiencies in rate, process, and demand, resulting in more value for Operations and Maintenance Air Force and USSOCOM budgets; developing innovative solutions—acquisition and/or non-acquisition—that are compliant with Air Force policy and support Air Force small business goals and Ability One; and creating a workforce recognized for its professionalism and sought after for its specialized expertise (AFICA, 2014).

The AMC operating location responsible for strategic sourcing functions and policies is OL-AMC (AFICA/KM). Located at Scott AFB, Illinois, AFICA/KM oversees more than 10,700 contracting actions worth more than \$900 million (AFICA, 2014). AFICA/KM serves as the principal business advisor to the AMC commander and other senior leaders, while providing solutions to contracting issues across the MAJCOM. One of the unique organizations supporting AMC contracting is 763 SCONS. This above-wing squadron specializes in areas including automated logistics systems, airborne communications, pilot/flight engineer training, and advisory and assistance service (A&AS) contracts.

OL-PACAF (AFICA/KH) provides guidance, oversight, and policy to seven contracting squadrons operating in PACAF. As one of two operating locations that operate internationally, AFICA/KH is the designated senior contracting official for the PACOM geographic combatant command. This operating location issues business clearance for various actions throughout the contracting process and delegates contracting authority to applicable squadrons. AFICA/KH is co-located at Joint Base Pearl Harbor–Hickam, Hawaii, with 766 SCONS. This SCONS provides contracting support to units in

various countries including Australia, New Zealand, Guam, the United States, Diego Garcia, Korea, and Japan.

OL-USAFE (AFICA/KU) is responsible for guidance, oversight, and policy to 12 contracting units in seven European nations. Located at Ramstein AB, Germany, this organization manages a \$350 million portfolio and over 350 contracting professionals. Customers of AFICA/KU acquisition support include USAFE staff, Europe command leaders, and U.S. Army counterparts (AFICA, 2014). AFICA/KU also provides guidance to 764 SCONS. 764 SCONS oversees two PEO-level programs: Turkey Spain Base maintenance contracts, and A&AS contracts. Composed of only three flights, this SCONS holds sole responsibility for AFICA/KU strategic sourcing initiatives.

The final operating location, OL-DTIC (AFICA/KD), provides contracting support to the Defense Technical Information Center (DTIC). DTIC exists to manage information analysis centers for the DOD by providing research, analysis, and inquiry advice (AFICA, 2014). Based in Offutt AFB, Nebraska, AFICA/KD provides acquisition support to the entire DOD research, test, development, and evaluation (RDT&E) community. This operating location also develops the contracting workforce and ensures compliance with Air Force policy and small business goals.

AFICA also oversees Air Force strategic sourcing initiatives through its use of Enterprise Sourcing Squadrons (ESSs). Although primarily operating at Wright-Patterson AFB, Ohio, 771 ESS also has operating locations at Maxwell Gunter AFB, Alabama, and Joint Base San Antonio (JBSA)–Lackland, Texas. Of the seven existing installation commodity councils, this ESS manages the following Air Force commodity councils: civil engineering, furnishings, office supplies, and knowledge-based services. 771 ESS also provides support to the Force Protection and Information Technology commodity councils.

772 ESS takes a more specialized function by supporting the Air Force civil engineering mission. Its primary customer is the Air Force Civil Engineering Center using an indefinite delivery/indefinite quantity strategic approach (AFICA, 2014). Some of the various missions supported include emergency management, construction projects,

natural disaster support, and environmental services. 772 ESS primarily operates from JBSA–Lackland, Texas, with an operating location in Tyndall AFB, Florida.

The mission of the 773 ESS is specialized contracting support to the Air Force Medical Service (AFMS). AFMS oversees the execution of the Air Force Medical Operations Agency and the Air Force Medical Support Agency. 773 ESS exists to ensure that strategic sourcing solutions are provided to the Air Force surgeon general and Air Force medical enterprise. This ESS is headquartered in JBSA–Lackland, Texas, with an operating location in Wright-Patterson AFB, Ohio.

Air Force MAJCOMs execute diverse missions that warrant various types of contract support. As demonstrated by the many roles of AFICA operating locations, specialized contracting squadrons, and enterprise sourcing squadrons, the Air Force has accounted for this diversity. Not only do missions vary in objectives and complexity, but the Air Force contract environments do as well.

### **C. CONTRACTING ENVIRONMENTS**

The Air Force contract environments can be narrowed down to contracting in support of major weapon systems/acquisitions and sustainment, contracting in support of contingency operations, and contracting in support of base operations (operational contracting). Each of the contract environments has a vastly different array of scope, complexity, and structure in respect to one another. With the exception of contingency contracting, the contract environments are primarily located in the contiguous United States.

The prominent Air Force organization for contracting in support of major weapon systems is the Air Force Materiel Command (AFMC). This MAJCOM is located at Wright-Patterson AFB, Ohio, and was initiated July 1, 1992. AFMC is charged with “providing acquisition management services and logistics support to keep Air Force weapon systems ready for war” (USAF, 2005, para. 1). Recently, AFMC revamped its centers “from 12 to five, placing greater emphasis on standardization and efficiency” (USAF, 2005, para 7). One of those five specialized centers is the Air Force Life Cycle Management Center (AFLCMC), which is responsible for the life cycle of major weapon

systems (USAF, 2013). Furthermore, AFLCMC stated that its mission is to “acquire and support war-winning capabilities” (USAF, 2013). This mission includes, but is not limited to, aerial platforms intelligence, surveillance and reconnaissance systems, and armaments (USAF, 2013). A second of the five specialized centers is the Air Force Sustainment Center (AFSC) with a mission to “Sustain Weapon System Readiness to generate Airpower for America” (AFSC, 2014). The AFSC provides maintenance to a wide range of assets including aircraft such as the C-17 Globemaster III and the Minuteman III Intercontinental Ballistic Missile. The next contract environment that is discussed is contingency contracting.

Unlike major weapon systems contracting, contracting in support of contingency operations takes place all over the globe. For example, contingency contracting support can be broken down into six geographic areas of responsibility (AOR): (1) United States Africa Command, (2) United States Central Command, (3) United States Europe Command, (4) United States Northern Command, (5) United States Pacific Command, and (6) United States Southern Command. Ausink, Werber, and Chenoweth (2011) stated that contingency contracting has a large financial footprint considering, for example, the authors state “USCENTCOM AOR in FY 2008 was almost \$28 billion” (Ausink et al., p. 7, 2011). The last contracting environment covered in this section is contracting in support of base operations.

Contracting in support of base operations can essentially be found on any Air Force installation as a function of the Mission Support Group. A commonality between the three mentioned contracting environments is the process by which items are procured. Although contracting in support of base operations does not perform the series of milestones that occur in contracting in support of major weapon systems or have the financial thresholds present in contracting in support of contingency operations, its voluminous operations can be complex. The challenges of operational contracting do not exist in a vacuum but can affect other organizations. For this reason, continuous improvements must be identified and executed so that the mission can continue with no lapse in contracting support.

#### **D. IMPORTANCE OF OPERATIONAL CONTRACTING**

Operational contracting has become increasingly more important to accomplishing the Air Force mission. This shift is due to the increased role of outsourcing in the Air Force operational contracting environment. Rendon (1998) asserted that outsourcing involves “competing a function currently performed in-house with an outside provider” (p. 19). The Air Force is considered one of the outsourcing leaders with outsourced functions, such as depot maintenance, military family housing, base operation support, aircraft maintenance, civil engineering, supply, and transportation (Rendon, 1998). The impact of outsourcing these mission-essential functions has increased both the importance of operational contracting and the complexity of contracting operations.

An increased use of performance-based service contracts requires a higher proficiency level by contracting professionals and other members of the acquisition team. One factor mentioned previously which increases complexity is the increased use of best value procurement approaches that assess costs, performance reliability, quality, feasibility, technical excellence, management factors, and associated risk (Rendon, 1998, p. 19). Additionally, performance-based service contracts using a performance work statement (PWS) are now more common in operational contracting than traditional contracts based on a statement of work (SOW). Because contractors are given additional autonomy to meet the desired end state of contracts, it benefits contracting professionals to measure quality of performance.

One of the most critical aspects of contract management is the quality assurance (QA) function. The QA is manifested through the use of the QA plan and Quality Assurance Evaluators (QAEs). The QA plan objectively measures whether the contractor is meeting the agreed-upon terms and conditions of the contract. According to Rendon (1998), “The use of the PWS and QA plan leads to more cost-effective contracts that shift some of the manageable performance risk from the government to the contractors” (p. 19). The QAE’s technical expertise is critical to the acquisition team when determining whether the QA plan addresses all elements of the PWS. Additionally, the QAE serves as the first source of accountability for contractors. Development of the QA plan and other

supporting documents requires consistent coordination with customers and other key stakeholders.

Operational contracting units not only build relationships with internal stakeholders, but they also foster partnerships with the commercial industry. Contractual transactions have shifted from tactical, short-term contracts to strategic, long-term agreements. Operational contracting relationships now require a cooperative team-based approach by both government and industry participants. Rendon (1998) asserted that partnering relationships include a “clear understanding of expectations, open communications and information exchange, mutual trust, and a common direction for the future” (p. 20). Building lasting relationships is one of the many roles of operational contracting.

Operational contracting units have evolved from tactical support agencies to strategic enablers of mission goals and objectives. With mission-critical functions like aircraft maintenance, civil engineering, fuels, and supply being outsourced, operational contracting units have a direct impact on the primary mission objectives of each installation. With the advent of long-term performance-based contracts, Rendon (1998) characterized contractors as “extensions of the Air Force’s internal mission capability” (p. 20). Increasing roles and responsibilities of operational contracting units warrant an exploration of the processes, metrics, milestones, and best practices of active operational contracting units.

## **E. SUMMARY**

This chapter included a discussion of the overarching framework of the Air Force organizational structure as it relates to acquisition and contracting. It began with a top-level view of SAF/AQC and ended with an overview of the Air Force’s new FOA called AFICA. Next, the three major contracting environments were identified, and the chapter concluded with the focus area of the research paper—contracting in support of base operations. Operational contracting was discussed in terms of outsourcing the increasingly complex contracts with an emphasis on quality assurance. When considering the topic of operational contracting, it is important to recognize the major elements of the



system. For this reason, the next chapter discusses the findings of two defense procurement agencies as they relate to industry practices and the recognition of the processes, metrics, milestones, and best practices in contracting.

## **IV. FINDINGS**

### **A. INTRODUCTION**

This chapter presents the findings from the analysis of two Air Force operational contracting squadrons that were studied to make comparisons with industry pre-award contracting processes, metrics, milestones, and best practices. Both squadrons conduct contract management activities in support of various base-level missions. To maintain anonymity, squadron names and locations are not disclosed in this research. Hereafter, Air Force squadrons are referred to as AFS 1 and AFS 2. This chapter begins with findings from each Air Force squadron. Based on the literature review and analysis of the squadron data, this chapter identifies common government and industry processes within the pre-award contracting process. Individual differences are also revealed between government and commercial pre-award contracting processes. This chapter concludes with a brief summary about the findings identified from AFS 1 and AFS 2 compared to commercial procurement organizations.

### **B. FINDINGS**

#### **1. Processes**

AFS 1 employs established processes for each phase of the contract process. Within the procurement planning phase, contracting professionals schedule and conduct preliminary meetings with end-users that generate requirements. Additionally, the initial review of purchase requests and independent government estimates occurs in this phase of contracting. Coordination with requirements generators occurs to develop performance work statements (PWSs) or statements of work (SOWs). AFS 1 utilizes the procurement planning phase to seek approval for all service contracts from the base manpower office. As indicated by Appendices VI and VII, service contracts are approved to proceed after a determination that none of the functions to be performed are inherently governmental and services are non-personal in nature (except medical treatment facility requirements).

Following procurement planning, AFS 1 begins its solicitation planning processes. The primary process accomplished in this phase of contracting is the

preliminary review of a complete requirements package. Documentation of market research and sources sought are mandatory by AFS 1 to determine the potential pool of bidders for each respective requirement. To meet socioeconomic goals, coordination is routed through the small business specialist using a DOD Form 2579 (DD 2579), and applicable sole source letters are sent to the Small Business Administration for approval. Solicitation planning is also when AFS 1 submits pre-solicitation notices to prospective bidders, develops internal timelines using Simplified Acquisition Strategy Summaries (SASSs; see Appendix H), creates milestone plans, and signs Justification and Approval (J&A) documents (see Appendix I). When a complete package is assembled, AFS 1 moves to the solicitation phase of contracting.

Before releasing solicitations on the Government Point of Entry (GPE; i.e., Federal Business Opportunities, General Services Administration, etc.), AFS 1 reviews solicitations for accuracy and completeness. Although issued directly to one firm, sole source acquisitions are also reviewed before solicited. Applicable site visits are conducted during this phase with published meeting minutes for involved parties. To clarify requirements for interested bidders, AFS 1 answers contractor-submitted questions and announces responses to interested bidders using the GPE. Appendix J illustrates the pre-award checklist used by AFS 1 contracting professionals.

AFS 2 also has established processes that occur in each pre-award phase of the contracting process. Procurement planning begins with market research of the product or service to be procured. AFS 2 coordinates with the base financial management function to ensure that necessary funds are certified for each project in this phase. Additionally, AFS 2 coordinates with key stakeholders to initiate development of the PWS/SOW. Approval from the small business specialist is sought during procurement planning, and requests for information are sent to commercial vendors. A complete procurement plan allows AFS 2 to transition to the solicitation planning phase.

One of the major aspects of solicitation planning for AFS 2 is the finalizing of the PWS/SOW. Detailed requirement specifications are outlined by AFS 2 and discussed with customers. The agency also conducts site walk-throughs during this phase of

contracting. AFS 2 uses details gleaned in solicitation planning to provide vital information that is used in the solicitation phase.

In the solicitation phase of contracting, AFS 2 advertises requirements using the GPE. The applicable timeline is governed by the FAR, the DFARS, and MAJCOM functional mandatory procedures. When applicable, AFS 2 obtains and clarifies vendor questions regarding each advertised requirement. The agency then posts written responses to questions received to the GPE for all interested parties. Once the solicitation period closes, AFS 2 begins the source selection phase.

To properly evaluate proposals received, AFS 2 employs technical evaluation teams to determine whether vendors can meet the terms and conditions of the contract. In source selection, acquisition panels are assembled to review each aspect of proposals received. Finally, any necessary clarification is requested from bidders before AFS 2 awards the contract.

Now that actual processes from Air Force squadrons have been explained, the next section identifies internal metrics systems utilized by AFS 1 and AFS 2.

## **2. Metrics**

AFS 1 consistently applies its metrics system to measure contract performance in the pre-award process. As previously mentioned, competition is a statutory requirement and beneficial cornerstone to government contracting. To measure this important contracting aspect, AFS 1 measures competition efforts on a bi-weekly basis. The number of contract actions that were not competed is reported to squadron leadership, the wing commander, and the applicable MAJCOM contracting directorate. To ensure compliance with socioeconomic goals, contracting professionals in AFS 1 are briefed bi-weekly on the status of the fulfillment of each socioeconomic goal.

AFS 1 uses a monthly Performance Management Review (PMR) to measure the contract administration lead time (CALT) of each requirement from the initial receipt of the purchase request to the contract award. The agency goals for the PMR are to award 75% of requirements within 30 days and 100% of requirements within 45 days. AFS 1

ensures adherence to the PMR by briefing open requirements to the agency's upper management and section supervisors. Because this metric applies to the entire pre-award phase, AFS 1 does not have metrics systems for each phase of contracting. The SASS (see Appendix H) is the method of measuring performance in each phase of contracting.

AFS 2 also consistently applies a metrics system to measure contract performance in the pre-award process. AFS 2 has a goal of 30 days or less for CALT of requirements up to the simplified acquisition threshold (SAT). The timeline of each requirement begins with the initial requirement request and ends when a contract is awarded. Also included in AFS 2's metrics system is a tolerance of no more than three customer service negative-feedback comments per quarter. In addition to measuring internal customer satisfaction, AFS 2 also has metrics that apply to suppliers. With the support of the Contract Performance Assessment Reporting System (CPARS), AFS 2 publishes the rating of service contracts to customers on a weekly or by-request basis. Possible ratings include the following:

- unsatisfactory—does not meet most contract requirements,
- marginal—does not meet some contract requirements,
- satisfactory—meets contract requirements,
- very good—exceeds some contract requirements, and
- exceptional—exceeds many contract requirements.

Weekly socioeconomic goal updates are provided to contracting professionals by the small business specialist to inform the agency how close AFS 2 is to reaching its respective goals. AFS 2 primarily uses the MAJCOM-directed predictive milestone tool (PMT; see Appendix K) to measure performance in each phase of contracting.

Despite the countless benefits that metrics systems provide, the use of standardized metrics is not universally adopted in procurement organizations. Unique business objectives and operational goals do not always align with the already established metrics systems that were previously mentioned. Organizations in this predicament have the option to create their own performance measurement system using basic principles. In

addition to reviewing the metrics systems employed, the study of Air Force squadrons also revealed the use of contract milestones.

### **3. Milestones**

The procurement planning and solicitation planning processes of AFS 2, in regard to milestones, are supported by the use of the PMT (see Appendix K). AFS 2 receives this directive from MAJCOM-level leadership as a mandatory procedure. The PMT (see Appendix K) ensures a standardized practice for all agencies, states standard days of completion, and postures a transparent timeline for the contracting officer, contracting specialist, and customer. This mandatory procedure is used for supply contracts between \$15,000 and \$50,000,000 and services greater than \$150,000. Furthermore, AFS 2 establishes accountability by requiring the contracting officer, contracting specialist, and customer to provide an originally signed version of the PMT, then printing the finalized PMT and filing it in the contract file. The key milestones detailed in the PMT are, but are not limited to, conducting the quality assurance program coordinator review and receipt of a signature, finalizing the determination and findings form, and finalizing the small business coordination form. Lastly, the AFS 2 milestone mandatory procedure state modification of PMT timelines are not permitted unless concurrence is received from the contracting officer, contracting specialist, and customer. This regulation enforces strict adherence to dates and holds all parties accountable.

AFS 1 states that the established milestone that occurs in the procurement planning phase is the receipt of the purchase request/requirement. The next milestone that occurs for AFS 1 is obtaining signatures and approvals for the solicitation planning phase by the contracting officer and small business specialist on all pre-award documents. The solicitation phase milestones include the issuance of solicitation. The source selection milestones are the receipt of proposals, the completion of evaluations, and the contract award. All of these actions are completed by select individuals in the pre-award contracting phase. AFS 1 states that the stakeholders in the procurement planning phase, solicitation planning phase, solicitation phase, and source selection phase are as follows:

requesting/unit, contracting officer, contracting specialist, resource advisor, and local finance management specialist.

#### **4. Best Practices**

One of AFS 1's best practices consists of openly discussing the organization's contracts with all the managers within the organizations in a bi-weekly and quarterly Performance Management Review (PMR). The PMR best practice is enabled by utilizing the best practice of the CALT reporting tool. During the bi-weekly PMR meeting, the unit's CALT is displayed, discussed, and compared to the unit's goal. The commander of AFS 1 utilizes PMR and CALT as a best practice to directly question the contracting officer regarding any outstanding timelines or upcoming projects. The two-way dialogue between the leader of AFS 1 and squadron members allows unambiguous directions to all major players.

The quarterly PMR meeting is a strategic review of the organization and its current and future performance. Typical meetings consist of actions that will take place in the six to 12-month timeframe. Moreover, Microsoft PowerPoint slides are the medium used to deliver the analysis of the organization's data. The data is pulled from a system called EZ Query that is fed by the organization's Standard Procurement System (SPS).

As mentioned in the DOD Procurement Agency Milestones section of this paper, AFS 2's best practice is the PMT. AFS 2 recognizes this as a valuable asset in its organization, because the tool is a one-stop shop for timelines. The PMT prevents the arbitrary creation of timelines and the vague forecasting of requirements.

Another best practice of AFS 2 is its system of briefing individual customers periodically regarding their respective contracts and their statuses. AFS 2 relays that, historically, customers provide real-time feedback regarding their experiences. In addition, this forum allows the customer to ask inquiries and reveal actual input from potential contracting officer Representatives who are in attendance.

This section discussed the findings from the Air Force squadron data that were obtained during the research for this project. The next section identifies similarities that exist between government and commercial procurement sectors.

## **C. SIMILARITIES BETWEEN PROCUREMENT SECTORS**

### **1. Processes**

One of the many methods of measuring performance that is shared by commercial and government contracting organizations is the analysis of each phase in the contracting process. As noted in Appendix I, the FAR addresses each phase of the contract management process, but does not sequentially align guidance with each of the six phases of contracting. In the procurement planning phase, both commercial and government sectors determine requirements based on customer needs. Market research is conducted in this phase, and coordination with key stakeholders is accomplished to determine the level of urgency needed for each requirement. In solicitation planning, both parties prepare documents that accompany the upcoming solicitation. Potential bidders for respective projects are identified and work statements are finalized. The desired contract type is also chosen in this phase of the contract process. Commonalities between commercial and government contract processes continue in the solicitation phase of contracting.

To increase competition efforts, commercial and government organizations advertise opportunities to prospective bidders in the solicitation phase. During this phase of the contract process, pre-proposal conferences and site visits are conducted. Bidders in the commercial and government contracting arenas are permitted opportunities to ask questions and clarify details regarding the solicitation. Administrative errors and oversights in the solicitation are corrected in this phase before final proposals are submitted. At the conclusion of the solicitation phase, both commercial and government organizations begin the source selection phase of contracting. In this phase, carefully selected source selection teams evaluate each submitted proposal based on previously established evaluation factors before awarding the contract. Considering the many similarities that exist in the contract processes of commercial and government contracting organizations, it is rational that there are also shared metrics systems.



## **2. Metrics**

Although there are countless metrics systems employed by commercial and government contracting organizations, there are common approaches that exist in both sectors. Monczka et al. (2011) described how time, delivery, and responsiveness measures are used by commercial procurement organizations to indicate the ability to provide products or services in a sufficient and timely manner. This includes meeting project due dates and measuring acquisition cycle times within an organization. AFS 1 and AFS 2 measure acquisition lead time for each project and report late projects to squadron leadership. AFS 1 has a squadron goal of 75% of requirements awarded within 30 days and 100% of requirements awarded within 45 days, while AFS 2 allows a maximum of 30 days of acquisition lead time prior to contract award for all requirements up to the SAT. Measuring the timeliness of an acquisition is important, and so are government and social measures, which are discussed next.

As previously mentioned, commercial procurement organizations use government and social measures to determine how well an organization meets minority, women, and small business objectives. FAR Part 19, Small Business Programs, applies to contracts between \$3,000 and \$150,000, and is therefore followed by AFS 1 and AFS 2. Each squadron commander is periodically briefed on the progress toward socioeconomic goals and small business set-asides. Furthermore, a designated small business specialist enforces program participation on each requirement by coordinating using the DOD Form 2579, Small Business Coordination Record.

In addition to measuring progress toward socioeconomic objectives, commercial and government contracting organizations also measure internal customer satisfaction. Surveys are a common method utilized to find areas of excellence and processes that need improvement. Commercial methods of measuring internal customer satisfaction introduced in the literature review include Kaplan and Norton's balanced scorecard approach and customer surveys, both mentioned by Monczka et al. (2000). AFS 2 conducts quarterly surveys with customers with a goal of no more than three negative customer service comments per quarter. Now that similarities in metrics systems have

been identified, the next section turns to milestones shared by both commercial and government contracting organizations.

### **3. Milestones**

Both commercial and government procurement organizations recognize the importance of identifying the milestones of a procurement. Research reveals that both commercial and government sectors divide the contracting process into procurement planning, solicitation planning, solicitation, and source selection.

The similarities within the procurement planning phase begin with the milestone of the receipt of the purchase request from the end-user. This involves gathering information from the customer regarding the scope statement. Typically, this action is performed via electronic correspondence.

In addition, research states that before the customer drafts a scope statement, preliminary reviews are conducted between the procurement organization and the customer. The purpose of this preliminary review is to conduct an analysis of the proposed requirement. Additionally, the preliminary review aims to garner positive results from both the customer and procurement organizations, considering that the effort is a joint collaboration. Commercial procurement organizations and defense procurement organizations produce supporting documents for the purchase request such as a draft SOW or PWS after interfacing with the customers and receiving the scope of work.

Next, commercial procurement organizations and specifically AFS 1 are similar in the solicitation planning phase with the milestone of a developed proposal document. The proposal is facilitated by the milestone of obtaining supporting solicitation documents from key stakeholders. A primary example of supporting documents that transition to the solicitation phase is the finalized SOW or PWS.

Both organizations understand that the solicitation phase is the method of requesting and receiving bids. For this reason, the milestone of a completed request for proposal (RFP) or request for quote (RFQ) in the solicitation is necessary to transition to the source selection phase.

Lastly, both organizations are comparable in the source selection phase in that the end-state goal is to award the contract to the best offeror based on the evaluation criteria stated in the RFQ or RFP. This begins with the milestone of receiving timely proposals that adhered to solicitation terms and conditions. Both procurement sectors also have the critical milestones of completing proposal evaluations and the contract award during the source selection phase. The next section discusses best practice similarities between the commercial and government procurement sectors.

#### **4. Best Practices**

As previously mentioned, collaboration between customers and procurement organizations in the procurement planning phase is a vital instrument in ensuring the success of any procurement. Although not explicitly mentioned by the Air Force squadrons, the best practice of using cross-functional teams is present during the pre-award phase in both commercial and government procurement sectors. Both commercial and defense procurement organizations understand the importance of teamwork during the contracting process. Although notable similarities in processes, metrics, milestones, and best practices exist, the following section identifies several differences between commercial and government procurement sectors.

### **D. DIFFERENCES BETWEEN PROCUREMENT SECTORS**

#### **1. Processes**

There are many differences between commercial and government contracting processes. Government contracting activities within the contract management process are unique because of the detailed governance provided by the FAR, DFARS, and MAJCOM mandatory procedures. While commercial organizations are given more creative freedom, government contracting processes are primarily influenced by compliance-based statutes and regulations. Examples include the 1984 Competition in Contracting Act (CICA) that regulates competition, the Truth in Negotiations Act (TINA) that mandates certified cost and pricing data for certain contracts, and FAR Part 19 that mandates set-asides for small businesses (E. C. Yoder, personal communication, April 16, 2014).

As displayed in Appendix H, local mandatory procedures dictate that AFS 1 contracting professionals follow mandatory buyer's checklists during the pre-award process. In addition to previously mentioned regulations, AFS 2's contracting processes vary based on Joint Base Common Output Level Standards. Compliance-based procedures that meet the Air Force Compliance Inspection Program (see Appendix B) dictate the organization of contract files and management programs for AFS 1 and AFS 2. Based on MAJCOM mandatory procedures, both squadrons also had increased scrutiny levels for contract processes relative to the dollar value of expected contract actions. Differences between commercial and government contracting organizations not only applied to contract processes, but also to metrics systems.

## **2. Metrics**

A significant disparity occurs between commercial and government procurement organizations when determining the appropriate metrics systems to apply to the contract process. Commercial procurement metrics are concerned with measuring what contributes to profitability and cost savings. Conversely, DOD contracting metrics attempt to measure efforts that support public policy (e.g., competition, socioeconomic goals, auditability, transparency, etc.). The literature review discussed the use of price performance metrics to measure how effectively fiscal resources are used in an organization. This is accomplished by comparing actual prices of items to planned prices. Other comparison methods include comparing prices to market prices or comparing prices to individual sub-organizations (Monczka et al., 2011). Findings from the Air Force squadron studies did not indicate that profitability or cost savings metrics existed.

Another set of fiscally related metrics used by commercial procurement organizations are cost-effectiveness measures. The intent of this type of metric is to direct attention to purchase-cost-reduction efforts. Although cost avoidance is beneficial to any procurement entity, no evidence was found to indicate that either Air Force squadron consistently measured cost effectiveness.

The final fiscally related metrics system that is unique to commercial procurement organizations is the use of revenue measures. Monczka et al. (2011) asserted that a

metrics system based on revenue measures directly evaluates the impact of the procurement strategy on firm revenues. Some examples include discovering new technologies and gaining exclusive access to revenue-generating products. Because Air Force squadrons focus on public policy and accomplishing mission objectives rather than generating revenue, it is logical that revenue measures were not found in the Air Force squadrons studied.

One procurement metrics system used exclusively by the commercial organizations that could also benefit Air Force contracting squadrons is the use of quality measures. Monczka et al. (2011) explained that measurements of defects and failure rates by purchase item and supplier can indicate levels of quality. Despite the valuable supplier insight that this metrics system provides, the Air Force squadrons studied in this project did not have a consistent method for measuring quality.

Commercial procurement organizations also utilize technology and innovation metrics systems to determine new technologies garnered by procurement professionals. One method is to measure the number of agreements with critical technology suppliers, while another method intends to reduce technology to align with industry standards. Both methods of technology and innovation metrics would benefit the Air Force squadrons studied, but these metrics have not been implemented.

Lastly, commercial procurement organizations, unlike government procurement organizations, monitor the achievement of environmental and safety goals through physical environment assessments and safety measures. With the assistance of the Institute for Supply Management (ISM), commercial procurement organizations can apply the “Sustainability and Social Responsibility Metrics and Performance Criteria for Sustainability and Social Responsibility Initiatives” (Monczka et al., 2011, p. 747). Measures included in this metrics system include the use of sustainability criteria in procurement decisions; processes in place to embed sustainability and social responsibility into supplier qualification and certification decisions; processes in place to embed sustainability and social responsibility into product design, redesign, and SOWs; and various other related measures (Monczka et al., 2011, p. 747).

Although many commercial metrics systems are not used by Air Force contracting squadrons, studies of Air Force squadrons revealed government-specific metrics systems, such as level of competition for each requirement, CALT of each requirement, and small business participation. The unique nature of government contracting can provide unique metrics systems not utilized by commercial procurement organizations. As previously mentioned, AFS 1 measures competition efforts on a bi-weekly basis. The number of contract actions that received participation by only one supplier is reported to AFS 1 leadership, the wing commander, and the MAJCOM contracting directorate. AFS 2 measures performance of service contract suppliers on a monthly, quarterly, and annual basis. Data that supports this metrics system is compiled from the CPARS database. The following section discusses how commercial contract milestones differ from government contract milestones.

### **3. Milestones**

Another difference between government and commercial procurement organizations is that pre-award milestones are based on different approval methods in the procurement planning phase. Data from the Air Force squadrons revealed that milestones of completed QAPC and small business specialist reviews are required before proceeding to the solicitation planning phase. Both previously mentioned milestones are government contracting statutory requirements that are not required by commercial procurement organizations.

### **4. Best Practices**

A commercial procurement organization best practice is the use of a qualified seller list. This is different from defense procurement organizations because defense organizations do not have established qualified seller lists. Garrett (2007) defined *qualified seller lists* as documents that “generally have information on relevant experience, past performance, and other characteristics of the prospective buyers” (p. 90). The use of a qualified seller list enables commercial procurement organizations to streamline procurements based on their continuity records. A qualified seller list may also be considered a preferred supplier program. A preferred supplier program is treated as a

database of reliable contractors that have a track record of successfully meeting the needs of the organizations. Similar to the qualified seller list, a preferred supplier program streamlines the procurement process, primarily because procurement organizations can utilize the vetted and reliable database of contractors. Although Better Buying Power 3.0 encourages the use of the Superior Supplier Incentive Program, the Air Force has not implemented this initiative (Kendall, 2014b).

Another difference between commercial and defense procurement organizations is the continuous interaction with customers throughout the procurement process. This continuous interaction contributes to real-time updates in all the phases of the procurement. Subsequently, the final delivered product or service has a higher probability of meeting the customer's requirement. Conversely, defense procurement organizations primarily involve the customer during the initial stages of the procurement and decrease communication thereafter.

Regarding source selection, commercial procurement organizations are thoroughly selective of the appointment of source selection team members. This selection of team members begins with the inception of the requirement and continues to the source selection and, at times, continues until the contract is closed out. Additionally, once source selection team members are selected for a specific contract assignment, they remain in that position unless circumstances require them to transition. The government, on the other hand, may choose an individual selected for a source selection to move to another assignment. By preventing the individual from completing the source selection, continuity and knowledge can be lost once that individual leaves.

AFS 1 and AFS 2 rely heavily on the regulatory guidance of the FAR, DFARS, and AFFARS. Both AFS 1 and AFS 2 consistently apply guidance from these regulations as a best practice due to the standardization that it enforces. Moreover, the FAR mentions that contracting officers are encouraged to use sound business judgment whenever specific guidance is provided. This flexibility has allowed contracting officers to deploy custom procurement techniques to satisfy customer requirements. Lastly, a unique best practice that defense procurement organizations utilize is the use of the CALT tool. Specifically, CALT is the period of time a procurement takes while in the acquisition

cycle. AFS 1 describes CALT as an accountability tool for management to review. The management team is able to analyze the CALT listing and inquire about specific contracts that may have passed its desired deadline. Based on this study's research findings, recommendations are provided for both DOD and commercial procurement organizations. These recommendations are discussed next.

## **E. RECOMMENDATIONS**

**Recommendation 1:** The first improvement that the DOD can make in the pre-award phase of contracting is to train contracting professionals about the contracting process from the seller's perspective. Currently, the buyer's contract process is the only operation that is formalized in Air Force contracting. Including additional contract processes that anticipate the actions of potential bidders can increase awareness levels of contracting professionals and lead to more effective procurement planning, solicitation planning, solicitation, and source selection phases. This also has the potential to facilitate better upfront communication between government contracting officials and contractors. Better communication with commercial partners minimizes ambiguous solicitations and increases the likelihood of interested bidders. In addition to reviewing the commercial contract management process, the DOD pre-award process can also improve by adapting commercial procurement metrics systems.

**Recommendation 2:** To improve pre-award contract management processes, the DOD needs to increase measurement techniques. In the words of Peter Drucker, "What gets measured gets managed" (Prusak, 2010, para. 5). By virtue of existing DOD contracting metrics systems, this timeless adage has been proven correct. Compliance-based metrics systems are the primary source of measuring DOD contracting performance because failure to adhere to statutes and regulations can reflect poorly on contracting organizations. Unbeknownst to many contracting officials, there are other methods that indicate how contracting performance contributes to organizational objectives.

As stewards of taxpayer dollars, DOD contracting officials should implement additional metrics systems used by commercial procurement organizations. To measure



how effectively a contracting organization spends purchase dollars, price performance metrics are recommended. DOD contracting organizations should also endeavor to reduce contracting costs with cost-effectiveness measures. Adapting commercial quality metrics can identify defects in supplies procured and substandard suppliers.

Also recommended for DOD contracting organizations is the use of technology metrics that align requirements with commercial industry standards. Commercially friendly requirements allow a larger pool of interested offerors to submit bids, thereby increasing competition. To align with the environmental and safety goals of other federal agencies, DOD contracting organizations should implement Institute for Supply Management (ISM) Sustainability and Social Responsibility Metrics and Performance Criteria for Sustainability and Social Responsibility Initiatives.

**Recommendation 3:** To foster better relations with commercial industry partners, DOD contracting organizations should provide formal insight into how compliance-based metrics are developed and monitored by organizational leadership. Conducting industry days to discuss FAR compliance checklists, DPAP scorecards, and local contracting office mandatory procedures can facilitate a candid discussion between commercial industry and government contracting partners. This forthcoming approach can mitigate conflict in the pre-award phase by revealing the intent behind the DOD's stringent contracting processes. This will also improve the DOD pre-award phase of contracting by increasing the chance that interested offerors will conform to government pre-award standards. In addition to commercial procurement processes and metrics that should be adapted, the DOD should also review commercial procurement milestones.

**Recommendation 4:** Another commercial procurement practice that could benefit the DOD is the use of a consistently applied procurement management plan in the pre-award phase of contracting. Garrett (2007) describes the procurement management plan as a long-term planning tool that is used to “describe how the remaining procurement processes will be managed” (p. 86). As a provider of “enterprise contracting solutions to enable efficient and effective mission and installation operations,” the Air Force Installation Contracting Agency (AFICA) would be an appropriate proponent of this standardized procurement management plan (AFICA, 2014, para. 2).

**Recommendation 5:** Commercial procurement organizations may benefit from analyzing whether a requested service is considered personal or non-personal. Specifically, by analyzing the determination of a personal or non-personal service contract, commercial procurement organizations can more accurately select the appropriate choice. Conversely, the commercial procurement organization's intent may be to acquire a personal service, but the requirement may be incorrectly postured for a non-personal services contract.

**Recommendation 6:** A best practice that the government should adopt from commercial procurement organizations is uniformity of contracting actions. This uniformity of contracting actions includes creating solicitations, proposals, and contract formats (Garrett, 2007, p. 202). Currently, the DOD is operating on different contract writing systems which, in turn, are creating different formats of solicitations and proposals. Another best practice that the DOD should adopt is the continuous communication and involvement that commercial procurement organizations have with their customers. This adoption could potentially solve just-in-time questions or problems. The last recommendation for the DOD is to select source selection team members with the mindset that those members will remain in their positions until the acquisition is complete.

**Recommendation 7:** Commercial procurement organizations can benefit by incorporating systems that publish the length of time that it takes an acquisition to move along the process. An existing example of this system is the DOD's version of the CALT system. When performed correctly, leaders are able to actively address issues on a per contract basis. CALT systems can also be used as a tool to hold procurement individuals accountable for progressively working on an acquisition completion.

## **F. SUMMARY**

This chapter began with the introduction and an analysis of two defense procurement organizations. Specifically, the findings of the Air Force contracting squadrons were broken out into the process, metrics, milestones, and best practices. Next, the findings of the Air Force contracting squadrons and the literature review of

commercial procurement practices were compared to identify similarities in contracting processes, metrics, milestones, and best practices. Following the comparison, the commercial and defense procurement organizations were contrasted to identify differences. The comparison and contrast offer a foundation for areas of improvement for both types of organizations and for further research into contracting processes. This study's findings of similarities and differences between commercial and government procurement organizations are summarized in Appendix L.

## **V. SUMMARY, CONCLUSION, AND AREAS FOR FURTHER RESEARCH**

### **A. INTRODUCTION**

This chapter contains a summary of the research conducted on the analysis of the DOD pre-award contracting process. The paper concludes with answers to the research questions presented at the beginning of this report and suggestions for further research.

### **B. SUMMARY**

This research paper began with a discussion of the priorities of the U.S. Air Force (USAF) and the importance of auditability in its contracting operations. Next, the problem statement was presented, specifically addressing the need for continuous process improvement in the pre-award contracting phase. In an effort to address this problem statement, five research questions were identified that provide insight into the analysis of the DOD pre-award contracting process.

The literature review provided clarity regarding what the USAF could incorporate into the pre-award contracting phase. The chapter also included a discussion exploring why the measurement of performance is imperative for any organization seeking successful results. This section was followed by a discussion of the various methods of measuring performance.

Notably, the section containing methods of measuring performance mentions how support functions such as procurement organizations can benefit from the process analysis of the individual phases within the contracting process. Next was a focus on identifying commercial procurement processes, metrics, milestones, and best practices.

In the following chapter, an overview of Air Force contracting and its growing importance on the Air Force contracting mission was presented. Air Staff level contracting oversight was discussed, as well as operational contracting, further down the chain of command. Along the way, the MAJCOMs, AFICA, and contract environments were further explained. The last topic was the underlying importance of operational contracting. This research demonstrates that the importance of operational contracting

should not be viewed from the context of a tactical support function, but instead from the context of a strategic enabling function.

This study's findings compared the information gleaned from commercial procurement organizations and the data received from two separate Air Force operational squadrons. The data received from the two Air Force operational squadrons pertained to the processes, metrics, milestones, and best practices. A side-by-side comparison of industry and defense procurement organizations was also completed. Following the comparison was a review of the similarities and differences between industry and government procurement organizations.

### **C. CONCLUSION**

In order to analyze the pre-award phase of the contracting process, five research questions were developed. These questions examined the processes, metrics, milestones, and best practices of procurement organizations. The following are the research questions and a summary of this study's findings.

#### **1. How do industry processes compare with DOD processes in the pre-award phase of contracting?**

Commercial contracting processes are very similar to government contracting processes in the pre-award phase of contracting. One notable difference, however, is that the commercial contracting process includes the perspective of both buyers and sellers. Garrett's (2007) contract management framework and Rendon's (2003) Contract Management Maturity Model are two examples of process analysis techniques used by commercial procurement organizations to assess the contract management activities of buyers and sellers. The literature review also revealed several differences in methods of measuring performance by commercial and government procurement organizations.

Despite the many differences that commercial and government procurement organizations have in measuring performance, this research determined that both entities are remarkably similar in the activities of each phase in the contracting process. In the procurement planning phase, requirements are initially developed, and coordinated market research is conducted by procurement officials and customers. Next, both entities

displayed the finalization of solicitation support documents, extensive supplier identification, and selection of contract type in the solicitation planning phase.

This is followed by common activities by commercial and government procurement organizations including advertising opportunities, conducting pre-proposal conferences, and clarifying RFP requirements in the solicitation phase. Lastly, commercial and government procurement organizations are similar because both employ source selection teams to evaluate proposals with respect to originally requested terms and conditions. A significant contrast was discovered, however, when comparing organizational metrics of commercial and government procurement organizations.

## **2. How do industry metrics compare with DOD metrics in the pre-award phase of contracting?**

Although there are some shared metrics approaches by commercial and government procurement organizations, commercial procurement metrics are more comprehensive than government contracting metrics. Primarily influenced by public policy and public interest, government contracting organizations rely on compliance-based metrics when measuring procurement performance. Metrics employed by the government are limited to time and delivery measures, government and social measures, and internal customer satisfaction. Specific measures include competition, small business goals, acquisition lead time, and Contract Performance Assessment Reporting System (CPARS) ratings. While these metrics encourage government contracting organizations to meet desired objectives, there are countless aspects of the contracting process that are not measured.

Commercial procurement organizations take a meticulous approach to metrics systems that examine primary and secondary effects of contract performance. In addition to previously mentioned government contracting metrics systems, commercial procurement organizations also employ various financial metrics systems. Measures such as price performance, cost-effectiveness, and revenue metrics determine whether the procurement strategy contributes to the effective use of organizational resources. Additionally, these organizations measure the impact of items purchased through the use of quality, technology, and physical environment metrics. The various metrics systems

implemented by commercial procurement organizations assist in measuring how well procurement professionals, individual suppliers, and purchased items are contributing to organizational objectives.

**3. How do commercial milestones compare with DOD milestones in the pre-award phase of contracting?**

Since processes and related activities are similar, major milestones are also similar. Both commercial and DOD procurement organizations identify the major milestones of procurement planning, solicitation planning, solicitation, and source selection. What differentiates the organizations is the manner of reaching those major milestones. For example, commercial procurement organizations utilize a qualified seller list while the DOD does not. This common commercial procurement practice creates an expedited and reliable method of reaching milestones. Meanwhile, the DOD utilizes several layers of review to reach major milestones. Although labor and time intensive, errors in the procurement are identified and corrected before proceeding to the next step of the procurement. Research also suggests that DOD procurement organizations perform applicable internal reviews of a procurement for purposes of recognizing if the requirement can be satisfied with on-hand items versus by procurement. This includes discussing if services will be performed via personal or non-personal means. This distinct activity within the DOD maintains procurement integrity and reduces potential conflicts of interest for services rendered.

**4. How do commercial best practices compare with DOD best practices in the pre-award phase of contracting?**

Commercial procurement organizations lean towards standardization of contracting approaches and methods. This is different with the DOD whose contracting officers have the autonomy, within federal regulations, to execute contracts in a different manner if it is in the best interest of the government. For example, a contracting officer may decide to issue a blanket purchase agreement to satisfy a requirement, while another contracting officer may decide an indefinite-quantity type is more appropriate. Another distinctive difference between commercial and DOD procurement organizations is the continuous communication with customers. Commercial procurement organizations are

constantly corresponding with customers regarding the procurement. DOD procurement organizations typically rely heavily on customer input and coordination in the initial generation of the requirement and then decrease communication thereafter. Regarding the source selection phase, commercial procurement organizations are highly critical and selective of the source selection team members. The source selection team members encompass the appropriate skill sets applicable to the item or service being acquired. DOD procurement organizations differ in this area; for example, it is not uncommon for several members of the source selection team to be relocated during the source selection. In addition, the DOD source selection team members may be appointed not on the basis of skill sets needed for the position, but on career development potential.

**5. What process improvements can be made in the DOD's pre-award phase of contracting?**

This research discovered a number of improvements that the DOD can make in the pre-award phase of contracting. Based on comparisons with the commercial procurement sector, government contracting organizations can refine processes, metrics, milestones, and best practices. To improve contract management processes, the DOD should educate and train its contracting professionals about the contract process from the seller's perspective and attempt to improve communication with commercial partners. DOD contracting agencies would also benefit from additional metrics systems such as price performance, cost-effectiveness, quality, technology, and safety. DOD contract milestones can be improved by consistently applying an acquisition plan that aligns with the six phases of the contract management process. Lastly, the DOD should adopt commercial best practices, not limited to the following: applying a standardized contract management methodology, posting draft solicitations for early industry involvement, ensuring continuous communication and involvement with customers, and carefully designating source selection team members that will remain for the duration of each acquisition.



#### **D. AREAS FOR FURTHER RESEARCH**

This research was concluded from the perspective and analysis of the federal government. Several questions, however, presented themselves throughout the journey of writing the research paper. These questions could become the foundation for further research. The remainder of this section presents a few topics for further research related to the analysis of the pre-award process.

As previously stated in the problem statement, the area of focus for this research is analyzing the pre-award process up to the simplified acquisition threshold (SAT), which is currently \$150,000. The first area for further research could be an analysis of the pre-award process for requirements *above* the SAT. Although the contracting processes are the same regardless of dollar threshold, the metrics, milestones, and best practices may differ for above-SAT contracts.

A second area for further research could be to expand the scope of this research beyond the analysis of the pre-award process and to include the subsequent phases of contracting. For example, this research could take a holistic approach and analyze the post-award phase (Garrett, 2007, p. 81), which includes the contract administration and contract closeout/termination steps.

A third area for further research would be to analyze the pre-award contracting processes of other DOD organizations. Comparatively, the U.S. Air Force and U.S. Navy contracting process differ from one another. This difference can be explained by the varying requirements in each organization to support unique missions, the different supplemental materials available for reference within each organization, and the guidance received from different contracting leadership within the organizations. For this reason, lessons learned can be identified after other DOD organizations perform their applicable analysis of the pre-award process and compare the findings to other branches of service.

A fourth and final area for further research could be applying the methodology of analyzing the pre-award process for industry purposes. The commercial industry, like any other procurement organization, is constantly seeking areas for efficiency and

effectiveness. Instead of reviewing data from Air Force operational squadrons, researchers could analyze data from commercial procurement organizations.

THIS PAGE INTENTIONALLY LEFT BLANK

## APPENDIX A. CONTRACT MANAGEMENT FAR MATRIX

Contract management key process areas and practice activities as it relates to the Federal Acquisition Regulation Parts (from R. Rendon, personal communication, June 11, 2014).

Contract Management Key Process Area	Contract Management Key Practice Activity	FAR Part
<b>Procurement Planning</b>	Requirements Analysis	11
	Required Sources of Supply and Services	8
	Acquisition Planning	7
	Market Research	5, 10
	Determine Competition Environment	6
<b>Solicitation Planning</b>	Document Competition Environment	6
	Determine Procurement Method	12, 13, 14, 15
	Determine Evaluation Strategy	12, 13, 14, 15
	Develop Solicitation Documents	12, 13, 14, 15
	Determine Contract Type/Incentive	16
	Determine Terms and Conditions	52
<b>Solicitation</b>	Advertise Procurement Activities	5
	Conduct Conferences (pre-sol, pre-proposal)	10, 15
	Amend solicitation documents as required	12, 13, 14, 15
<b>Source Selection</b>	Evaluate Proposals	12, 13, 14, 15
	Apply Evaluation Criteria	12, 13, 14, 15
	Negotiate Contract Terms and Conditions	12, 13, 14, 15
	Contractor Responsibility Standards	9
	Select contractor	12, 13, 14, 15
	Manage Protests, Disputes and Appeals	33
<b>Contract Administration</b>	Conduct conferences (post-award, pre-performance)	42
	Manage contract change process	43
	Monitor contractor's management of subcontracting	44
	Manage government furnished property	45
	Monitor and measure contractor performance	46
	Manage Transportation Issues	47
	Manage Value Engineering Issues	48
	Manage contractor payment process	30, 31, 32
	Manage patents, data, copyright, bonds, insurance, taxes	27, 28, 29,
	Manage Protests, Disputes and Appeals	33
<b>Contract Close Out</b>	Comply with terms and conditions	52
	Verify contract completion	42
	Verify contractor compliance	42
	Ensure contract completion documentation	4
	Make final payment	4, 31, 32
	Document lessons learned/best practices	4
	Process contract terminations, if applicable	49
	Dispose of buyer-furnished property and equipment	45
<b>Specific Contracting Areas</b>	Process contract closeout procedures	4
	Special Contracting Methods	17
	Emergency Contracting	18
	Foreign Acquisition	25
	Major Systems Acquisition	34
	R&D Contracting	35
	Construction and A&E	36
	Service Contracting	37
	Federal Supply Schedule Contracting	38
	Acquisition of Information Technology	39
<b>Social Responsibility Areas</b>	Acquisition of Utility Services	41
	Small Business Programs	19
	Application of Labor Laws to Government Acquisitions	22
	Environ, Energy/Water Efficiency, Renw. Energy Tech., Occup. Safety, Drug Free Workplace	23
	Protection of Privacy and freedom of Information	24
	Other Socioeconomic Programs	26

THIS PAGE INTENTIONALLY LEFT BLANK

## APPENDIX B. AIR FORCE CONTRACTING COMPLIANCE INSPECTION CHECKLIST

The Air Force Contracting compliance inspection checklist is from AFFARS MP 5301.601-91.

TIER	ITEM #	ITEM	REFERENCE	RESULT (Yes, No, N/A)
		<b>Contract File Content</b>		
		<b>General Contracting</b>		
	<b>1.1</b>	<b>Purchase Request/Funding</b>		
1	1.1.1	Is the funding aligned with bona fide need and does the funding applied to each Contract Line Item Number (CLIN) properly match the supplies or service being acquired?	<a href="#">DOD 7000.14R, Vol 3, Ch 8, para 080303</a> <a href="#">AFFARS IG5304.7103</a>	Y N N/A
2	1.1.2	If services, is the required determination by the Agency Head or Designated Requirements Official certifying that none of the functions to be performed are inherently governmental included in the contract file? (For AFMC, this is accomplished by a Requirements Approval Document.)	<a href="#">FAR 7.503(e)</a> <a href="#">DFARS 207.5</a>	Y N N/A
1	1.1.3	Does the file contain documentation of the commitment of sufficient funds prior to contract award?	<a href="#">FAR 32.702</a> <a href="#">DFARS 232.703</a> <a href="#">AFFARS MP5332.7</a> <a href="#">FAR 43.105</a>	Y N N/A

	<b>1.2</b>	<b>Acquisition Planning</b>		
2	1.2.1	If above the simplified acquisition threshold (SAT), and no exceptions apply, was an Acquisition Plan (AP), Life Cycle Management Plan (LCMP), or Streamlined Acquisition Strategy Summary (SASS) approved at the appropriate level and included in the contract file?	<a href="#">FAR 7.103</a> <a href="#">DFARS 207.103</a> <a href="#">AFFARS 5307.1</a>	Y N N/A
3	1.2.1.1	If a cost-reimbursement contract, was the written acquisition plan approved/signed at least one level above the contracting officer? (Added 1 Jul 2013)	<a href="#">FAR 16.301-3(a)(2)</a>	Y N N/A
3	1.2.2	If required, is an Acquisition Strategy Panel (ASP) or waiver by the ASP chairperson documented in the contract file?	<a href="#">AFFARS 5307.104-90</a>	Y N N/A
2	1.2.3	If a significant change occurred after the acquisition strategy was approved/signed, was the change approved by the appropriate authority?	<a href="#">FAR 7.104(a)</a> <a href="#">AFFARS 5307.104(S-90)(b)</a>	Y N N/A
3	1.2.4	If purchasing requirements relating to energy conservation, recovered materials, or environmentally preferable and energy efficient products or services apply to this acquisition, are these requirements met? (Green Procurement)	<a href="#">FAR 7.105(b)(17)</a> <a href="#">FAR 13.201(f)</a> <a href="#">FAR 23.4</a> <a href="#">FAR 23.7</a>	Y N N/A
2	1.2.5	If severable services with performance crossing fiscal years, is the period of performance less than 1 year?	<a href="#">FAR 32.703-3</a> <a href="#">DFARS 232.703-3(b)</a> <a href="#">FAR 37.106</a>	Y N N/A
2	1.2.6	If services above the SAT, is the acquisition performance based IAW AFI 63–101 Chapter 4, or approved to be otherwise by the Services Designated Official (SDO)?	<a href="#">FAR 37.6</a> <a href="#">AFFARS 5337.170-2</a> <a href="#">AFI 63–101</a>	Y N N/A
3	1.2.7	Does acquisition planning documentation reflect a strategy to transition from cost-reimbursement to firm-fixed price? (Added 1 Jul 2013)	<a href="#">FAR 7.105(b)(5)(iv)</a>	Y N N/A
	<b>1.3</b>	<b>Source List/Market Research</b>		
3	1.3.1	If consolidation, bundling, or tiered evaluations: Was appropriate market research conducted and have required coordinations, notifications, and determinations been accomplished?	<a href="#">FAR 7.107</a> <a href="#">FAR 10.001</a> <a href="#">DFARS 207.170-3</a> <a href="#">DFARS 210.001</a>	Y N N/A
3	1.3.2	If supplies or services are on the AbilityOne Procurement List or the Federal Prison Industries Schedule, did acquisition comply with Government source priorities/requirements?	<a href="#">FAR 8.002</a> <a href="#">FAR 8.602</a> <a href="#">FAR 8.704</a> <a href="#">DFARS 208.602-70</a>	Y N N/A
2	1.3.3	Was market research conducted and appropriately	<a href="#">FAR 10.002</a>	Y N

		documented in the file?	<a href="#">FAR 12.101(a)</a> <a href="#">FAR 12.202(a)</a>	N/A
	<b>1.4</b>	<b>Small Business Coordination</b>		
2	1.4.1	For acquisitions >\$10,000, including awards against Federal Supply Schedules, and unless excepted, is there a signed DD Form 2579, Small Business Coordination Record in the file?	<a href="#">DFARS 219.201(d)(10)</a> <a href="#">AFFARS 5319.201(d)(10)(B)</a>	Y N N/A
3	1.4.2	For acquisitions >\$3,000 but not >\$150,000*, was the acquisition set aside for small business unless the Contracting Officer (CO) made a determination there was no reasonable expectation of obtaining at least two small business offers? (*Thresholds are higher for some requirements – see References)	<a href="#">FAR 19.502-2(a)</a> <a href="#">DFARS 219.502-2</a>	Y N N/A
	<b>1.5</b>	<b>Synopsis of Proposed Contract Action</b>		
2	1.5.1	Was synopsis of proposed contract action accomplished as required, and if not, was an exception documented in the contract file?	<a href="#">FAR 5.101(a)</a> <a href="#">FAR 5.2</a> <a href="#">DFARS 205.205-70</a> – (bundling)	Y N N/A
	<b>1.6</b>	<b>Other Than Full and Open Competition Authority</b>		
2	1.6.1	If “Other than Full and Open Competition,” does the contract file include a Justification and Approval (J&A) which was approved at the appropriate level?	<a href="#">FAR 6.3</a> <a href="#">DFARS 206.304</a> <a href="#">AFFARS 5306.304</a> <a href="#">FAR 8.405-6</a> <a href="#">FAR 11.105(a)</a> <a href="#">AFPD 63-3</a> <a href="#">para 4.2</a>	Y N N/A
3	1.6.2	Was the J&A, limited sources justification, or justification for an exception to fair opportunity posted as required?	<a href="#">FAR 5.301(d)</a> <a href="#">FAR 6.305</a> <a href="#">FAR 8.405-6(a)</a> <a href="#">FAR 5.406</a> <a href="#">FAR 16.505</a>	Y N N/A
2	1.6.3	If after J&A approval, an increase to scope occurred, was the increase approved by the appropriate approving official (if required)?	<a href="#">AFFARS MP5306.304</a> <a href="#">AFFARS IG5306</a>	Y N N/A
	<b>1.7</b>	<b>Determinations/Approvals</b>		
	1.7.1	Were applicable approvals or Determinations and Findings (D&F's) approved at the appropriate level and included in the contract file? Examples include the following:	Specific to each approval/D&F	Y N N/A
3	1.7.1.1	- Bundling Justification/Determination	<a href="#">FAR 7.107</a>	Y N



				N/A
1	1.7.1.2	- Award to Contractor on EPLS	<a href="#">FAR 9.405(d)</a> <a href="#">DFARS</a> <a href="#">209.405</a>	Y N N/A
2	1.7.1.3	- Organizational Conflict of Interest	<a href="#">FAR 9.5</a>	Y N N/A
2	1.7.1.4	- Liquidated Damages	<a href="#">FAR 11.501</a>	Y N N/A
3	1.7.1.5	- Commercial Item Determination (>\$1M)	<a href="#">DFARS</a> <a href="#">212.102</a>	Y N N/A
3	1.7.1.6	- Type of Contract	<a href="#">FAR 16.103(d)</a>	Y N N/A
3	1.7.1.7	- Indefinite-Quantity Multiple or Single Award	<a href="#">FAR</a> <a href="#">16.504(c)(1)(ii)</a> <a href="#">(C)</a>	Y N N/A
3	1.7.1.8	- Single Source Task or Delivery Order or Requirements Contract >\$103M,	<a href="#">FAR</a> <a href="#">16.503(b)(2)</a> <a href="#">FAR</a> <a href="#">16.504(c)(1)(ii)</a> <a href="#">(D)</a>	Y N N/A
2	1.7.1.9	- Time and Materials / Labor Hour Contract	<a href="#">FAR 16.601(d)</a>	Y N N/A
3	1.7.1.1 0	- Multi-Year	<a href="#">FAR 17.105-1</a>	Y N N/A
2	1.7.1.1 1	- Options – Quantity	<a href="#">FAR 17.205</a>	Y N N/A
2	1.7.1.1 2	- Options – Exercise	<a href="#">FAR 17.207</a>	Y N N/A
3	1.7.1.1 3	- Berry Amendment DNAD	<a href="#">DFARS</a> <a href="#">225.7002-2(b)</a>	Y N N/A
2	1.7.1.1 4	- Personal or Professional Services Contracts	<a href="#">FAR 37.103</a> <a href="#">DFARS</a> <a href="#">237.104(b)(i)</a>	Y N N/A
2	1.7.1.1 5	- Availability of Personnel – A&AS	<a href="#">FAR 37.204</a>	Y N N/A
3	1.7.1.1 6	- Warranties	<a href="#">DFARS</a> <a href="#">246.704</a>	Y N N/A
3	1.7.1.1 7	- Other Determinations/Approvals		Y N N/A
	<b>1.8</b>	<b>Solicitation/Contractual Document</b>		
2	1.8.1	Does the CLIN Structure meet the criteria for establishing the Contract Line Items and are	<a href="#">DFARS</a> <a href="#">204.7103-1</a>	Y N N/A

		payment instructions included as required?	<a href="#">DFARS PGI 204.71</a>	
	1.8.2	Are required provisions, clauses, and instructions included? Examples of situations which may require specific clauses include but are not limited to:	Specific to requirement	Y N N/A
1	1.8.2.1	- Access to classified information	<a href="#">FAR 4.404</a>	Y N N/A
3	1.8.2.2	- Brand name or Equal	<a href="#">FAR 11.107</a>	Y N N/A
3	1.8.2.3	- Unique Identification (UID)	<a href="#">DFARS 211.274</a>	Y N N/A
2	1.8.2.4	- Evaluation and Establish Option (s)	<a href="#">FAR 17.206</a> <a href="#">FAR 17.208</a>	Y N N/A
2	1.8.2.5	- Undefined Contract Action	<a href="#">DFARS 217.7406</a>	Y N N/A
3	1.8.2.6	- Services subject to Service Contract Act	<a href="#">FAR 22.1006</a>	Y N N/A
1	1.8.2.7	- Conditioned on availability of funds	<a href="#">FAR 32.705-1</a>	Y N N/A
1	1.8.2.8	- Incrementally funded	<a href="#">FAR 32.705-2(b)</a> <a href="#">DFARS 232.705-70</a>	Y N N/A
3	1.8.2.9	- Government Furnished Property	<a href="#">FAR 45.107</a>	Y N N/A
3	1.8.2.10	- Construction Warranty	<a href="#">FAR 46.710 (e)</a>	Y N N/A
3	1.8.3	If construction (Davis-Bacon) or services subject to Service Contract Act, were wage determinations or wage increases incorporated and applied properly?	<a href="#">FAR 22.404</a> <a href="#">FAR 22.1007</a> <a href="#">FAR 22.1012-1</a>	Y N N/A
3	1.8.4	When acquiring commercial items, were commercial acquisition provisions and clauses used as required?	<a href="#">FAR 12.301</a> <a href="#">FAR 12.302</a>	Y N N/A
3	1.8.5	If a sole source acquisition and expected to exceed the TINA threshold, did the CO specify in the solicitation that cost or pricing data are required. If cost or pricing data was not available, did the CO request other data and rely on this information?	<a href="#">FAR 15.403-5</a>	Y N N/A
3	1.8.6	If the contract is subject to Cost Accounting Standards, did the Contracting Officer incorporate	<a href="#">DFARS 242.7001</a>	Y N N/A

		DFARS 252.242-7005, Contractor Business Systems?		
	<b>1.9</b>	<b>Proposal/Representations &amp; Certifications</b>		
3	1.9.1	Were late bids/offers handled properly and were late bidders/offerors properly notified that their bids/offers will not be considered?	<a href="#">FAR 14.304</a> <a href="#">FAR 15.208</a>	Y N N/A
3	1.9.2	Does the Contractor's Bid/Proposal contain unresolved issues or contingencies?	<a href="#">FAR 14.404-2</a> <a href="#">FAR 14.405</a> <a href="#">FAR 15.306</a>	Y N N/A
2	1.9.3	Does the file contain documentation that the required Representations and Certifications were completed/obtained?	<a href="#">FAR 4.1201</a> <a href="#">FAR 12.301(b)(2)</a> <a href="#">FAR 15.204-5(a)</a>	Y N N/A
	<b>1.10</b>	<b>Subcontracting Plan</b>		
3	1.10.1	If >650K, and a subcontracting plan is required, has a subcontracting plan meeting the requirements of FAR 19.704 been properly coordinated, approved, distributed and incorporated in the contract? If the small disadvantaged business goal is <5%, was the subcontracting goal approved at one level above the CO?	<a href="#">FAR 19.702</a> <a href="#">FAR 19.704</a> <a href="#">FAR 19.705</a> <a href="#">DFARS 219.705-4(d)</a> <a href="#">AFFARS 5319.705-4</a>	Y N N/A
3	1.10.2	If >\$650K and no subcontracting possibilities exist, has the CO made a determination coordinated with the small business specialist and approved one level above the CO?	<a href="#">FAR 19.705-2(c)</a> <a href="#">AFFARS 5319.705-2</a>	Y N N/A
3	1.10.3	Does the file include documentation that the government is receiving subcontracting reports (ISRs and SSRs) as required by the subcontracting plan?	<a href="#">FAR 19.704</a> <a href="#">FAR 19.705-6</a> <a href="#">FAR 19.706</a>	Y N N/A
	<b>1.11</b>	<b>Contractor Responsibility</b>		
1	1.11.1	Does the file include documentation supporting a determination of responsibility or nonresponsibility, including queries of all required systems (e.g., CCR (if no exception applies), EPLS (all awards), and FAPIIS (if >SAT)?	<a href="#">FAR 4.1102</a> - (CCR) <a href="#">FAR 9.103</a> <a href="#">FAR 9.104-1</a> <a href="#">FAR 9.104-6</a> - (FAPIIS) <a href="#">FAR 9.105-2</a> <a href="#">FAR 9.404(c)(7)</a> - (EPLS)	Y N N/A
1	1.11.2	If a determination of nonresponsibility was prepared, was it reported (uploaded) to FAPIIS? (Added 1 Jul 2013)	<a href="#">FAR 9.105-2(b)(2)</a> <a href="#">FAR 42.1503(f)</a>	Y N N/A
	<b>1.12</b>	<b>Un definitized Contract Action &amp; Unpriced</b>		

		<b>Change Order</b>		
2	1.12.1	Is the Undefined Contract Action (UCA) approval document signed at the appropriate level, and does it fully explain the need to begin performance before definitization, including the adverse impact on agency requirements resulting from delays in beginning performance?	<a href="#">DFARS 217.7404-1</a> <a href="#">AFFARS 5317.7404-1</a> <a href="#">AFFARS 5317.7405</a> <a href="#">AFFARS MP5317.74</a>	Y N N/A
3	1.12.2	If definitization was not accomplished within 180 days, does the contract file include justification to include a revised definitization milestone schedule?	<a href="#">DFARS 217.7404-3</a> <a href="#">AFFARS MP5317.74(3)</a> <a href="#">AFFARS MP5343.204-70-3 (S-91)(b)</a>	Y N N/A
3	1.12.3	Does the Price Negotiation Memorandum for definitization document the basis for the profit or fee negotiated when a substantial portion of the required performance has been completed?	<a href="#">DFARS 217.7404-6</a> <a href="#">AFFARS MP5317.74(4)</a>	Y N N/A
	<b>1.13</b>	<b>Government Property</b>		
3	1.13.1	Prior to furnishing Government property to the contractor, did the CO verify availability and ensure requirements of FAR 45.102 were addressed?	<a href="#">FAR 45.102</a> <a href="#">DFARS PGI 245.103-70</a>	Y N N/A
3	1.13.2	If Government Property was furnished, did the CO include a list in the solicitation? If a competitive acquisition, did the solicitation address contractor responsibilities and evaluation procedures?	<a href="#">FAR 45.201</a> <a href="#">FAR 45.202</a>	Y N N/A
3	1.13.3	If there will be Contractor Acquired Property under a Cost type or Time and Materials contract, has a CLIN for delivery of the property been established?	<a href="#">FAR 45.402</a> <a href="#">DFARS PGI 245.402-70(2)</a>	Y N N/A
	<b>1.14</b>	<b>Cost/Pricing</b>		
2	1.14.1	Did the CO adequately document the principal elements of the negotiated agreement (e.g., in a Price Negotiation Memorandum) as required by FAR 15.406-3(a), with a statement that the price is fair and reasonable, signed by the CO? Did the CO document the extent certified cost or pricing data was relied upon and used in negotiations, if applicable?	<a href="#">FAR 15.406-3</a> <a href="#">FAR 15.406-3(a)(6)</a> <a href="#">DFARS PGI 215.406-3</a>	Y N N/A
3	1.14.2	If using commercial or simplified acquisition procedures, does the contract file document specific steps taken to ensure a fair and reasonable price was determined for the acquisition?	<a href="#">FAR 12.209</a> <a href="#">FAR 13.106-3</a> <a href="#">FAR 15.403-1(c)(3)</a>	Y N N/A
3	1.14.3	When certified cost or pricing data is required and none of the exceptions of FAR 15.403-1(b) apply,	<a href="#">FAR 15.403-4</a> <a href="#">FAR 15.403-</a>	Y N N/A

		did the CO obtain a properly executed Certificate of Current Cost or Pricing Data?	<a href="#">1(b)</a> <a href="#">FAR 15.406-2</a>	
3	1.14.4	Did the CO include the Air Force Proposal Adequacy Checklist (AFPAC) in draft and final RFPs and RFPs for UCAs, when required?	<a href="#">AFFARS</a> <a href="#">MP5315.4(3)(c)</a>	Y N N/A
2	1.14.5	If certified cost or pricing data was not required and acquisition exceeds the TINA threshold, did the CO obtain and utilize data other than certified cost or pricing data as necessary (e.g., price analysis and/or cost analysis) to establish a fair and reasonable price?	<a href="#">FAR 15.402</a> <a href="#">FAR 15.403-3</a> <a href="#">FAR 15.404-1</a> <a href="#">FAR 15.406-3(a)(5)</a> <a href="#">DFARS PGI 215.403-3</a> <a href="#">DFARS PGI 215.404-1</a>	Y N N/A
2	1.14.6	If certified cost or pricing data was not required and acquisition exceeds the TINA threshold, did the CO document the exception used and the basis for not requiring certified cost or pricing data?	<a href="#">FAR 15.403-1</a> <a href="#">FAR 15.403-2</a>	Y N N/A
3	1.14.7	If a competitive acquisition, is the CO's determination of adequate price competition documented (e.g., in a Price Competition Memorandum)?	<a href="#">FAR 15.403-1(c)(1)</a> <a href="#">DFARS 215.403-1(c)(1)</a>	Y N N/A
	<b>1.15</b>	<b>Security Requirements</b>		
1	1.15.1	If access to classified information is required, does the file contain a DD Form 254, Contract Security Classification Specification, in proper format and reviewed by appropriate security office personnel? Is Block 16 on the form signed by the CO or authorized CO rep?	<a href="#">FAR 4.403(c)</a> <a href="#">AFI 31-601, Chapter 4</a>	Y N N/A
	<b>1.16</b>	<b>Source Selection</b>		
3	1.16.1	Does the source selection or contract file contain a properly completed Source Selection Plan and Source Selection Decision Document? Were these documents approved at the appropriate level?	<a href="#">DOD Source Selection Procedures, Chapter 4</a> <a href="#">AFFARS MP5315.3, Chapter 4</a>	Y N N/A
3	1.16.2	Were all factors and significant subfactors for contract award and their relative importance stated clearly in the solicitation?	<a href="#">FAR 15.304</a> <a href="#">AFFARS MP5315.3, Chapter 4</a>	Y N N/A
3	1.16.3	During source selections, after information was presented to the SSA, were updates, revisions, or changes to the evaluation information captured in subsequent documentation such that the original record remained distinct?	<a href="#">AFFARS MP5315.3 para 1.4.2.2.4</a>	Y N N/A

3	1.16.4	If required, was past performance data evaluated and documented properly?	<a href="#">FAR 15.304</a> <a href="#">AFFARS</a> <a href="#">MP5315.3,</a> <a href="#">Chapter 4</a>	Y N N/A
2	1.16.5	Was the Source Selection Decision consistent with the solicitation's evaluation factors and subfactors?	<a href="#">FAR 13.106-2(a)(2)</a> <a href="#">FAR 15.305(a)</a> <a href="#">FAR 15.308</a>	Y N N/A
2	1.16.6	Were unsuccessful offerors given timely notification and debriefings?	<a href="#">FAR 15.503</a> <a href="#">FAR 15.505</a> <a href="#">FAR 15.506</a>	Y N N/A
2	1.16.7	Has Source Selection Training been accomplished as required?	<a href="#">MP5315.3,</a> <a href="#">Chapter 6, Para</a> <a href="#">6.4.1</a>	Y N N/A
	<b>1.17</b>	<b>Legal Review</b>		
2	1.17.1	Has legal review been obtained and documented when required, and have legal comments been satisfactorily resolved?	<a href="#">AFFARS</a> <a href="#">5301.602-</a> <a href="#">2(c)(i)</a>	Y N N/A
	<b>1.18</b>	<b>Technical Review</b>		
2	1.18.1	Does the contract file include a detailed technical analysis from the requesting activity when required?	<a href="#">FAR 15.404-</a> <a href="#">1(e)</a>	Y N N/A
	<b>1.19</b>	<b>Clearance Review &amp; Approval</b>		
2	1.19.1	Was the Clearance Process followed, and Clearance Approval(s) obtained, as required?	<a href="#">DFARS PGI</a> <a href="#">201.170-4(f)</a> <a href="#">AFFARS</a> <a href="#">5301.90</a> <a href="#">AFFARS</a> <a href="#">MP5301.9001(c)</a> <a href="#">b)</a>	Y N N/A
1	1.19.2	Was the CO who executed the contract fully authorized to do so within warrant limitations?	<a href="#">FAR 1.602</a>	Y N N/A
	<b>1.20</b>	<b>Distribution</b>		
3	1.20.1	Was submission of a Contract Action Report (CAR) timely and accurate?	<a href="#">FAR 4.604</a> <a href="#">DFARS 204.6</a>	Y N N/A
2	1.20.2	Immediately subsequent to a contract action, did the CO print and sign the CAR and place in the contract file? (Added 3 Sep 13)	<a href="#">FAR 4.604</a> <a href="#">DFARS 204.6</a> <a href="#">AFFARS</a> <a href="#">5304.604 (2)</a>	Y N N/A
3	1.20.3	If >\$6.5M, was announcement of contract award executed via 1279 Report as required?	<a href="#">DFARS</a> <a href="#">205.303</a> <a href="#">AFFARS</a> <a href="#">5305.303</a>	Y N N/A

	<b>1.21</b>	<b>Protests Before/After Award</b>		
2	1.21.1	Did the CO follow proper procedures to resolve protests?	<a href="#">FAR 33.1</a> <a href="#">DFARS 233.170</a> <a href="#">AFFARS 5333.1</a>	Y N N/A
	<b>1.22</b>	<b>Quality Assurance</b>		
3	1.22.1	If services exceeded the SAT, did the CO make a decision that a COR is required and that adequate resources are available to monitor the contract? (Updated 1 Jul 13)	<a href="#">FAR 1.602-2(d)</a> <a href="#">DFARS 201.602-2</a> <a href="#">DFARS PGI 201.602-2</a> <a href="#">AFFARS MP5301.602-2(d)</a> <a href="#">FAR 16.301-3(a)(4)</a>	Y N N/A
2	1.22.2	Did the COR meet the minimum training requirements for COR designation, including contract specific training, prior to contract award?	<a href="#">AFFARS MP5301.602-2(d) (1.4) and (4.1)</a>	Y N N/A
2	1.22.3	Did the CO ensure a quality assurance surveillance plan (QASP) was addressed and documented in the contract file for each contract except for those awarded using simplified acquisition procedures?	<a href="#">FAR 46.103</a> <a href="#">DFARS 246.401</a>	Y N N/A
	<b>1.23</b>	<b>Contract Administration</b>		
3	1.23.1	If a modification was done, is the appropriate authority cited?	<a href="#">FAR 43.301</a> & <a href="#">FAR 53.243</a>	Y N N/A
3	1.23.2	Were changes in the terms and conditions of a contract for commercial items made by written agreement of the parties?	<a href="#">FAR 52.212-4(c)</a>	Y N N/A
3	1.23.3	If an option was exercised, did the CO provide written notice to the contractor within the specified time period and in accordance with the terms of the contract?	<a href="#">FAR 17.207</a>	Y N N/A
3	1.23.4	Are award fee procedures properly documented and followed in accordance with the award fee plan?	<a href="#">FAR 16.401(e)</a> <a href="#">DFARS 216.401</a>	Y N N/A
3	1.23.5	If contract performance requires work on a Government installation, did the contractor notify the CO in writing that the required insurance had been obtained?	<a href="#">FAR 28.301</a> <a href="#">FAR 52.228-5</a>	Y N N/A
3	1.23.6	Did the CO extend the contract per the extension of Services Clause and not more than 6 months?	<a href="#">FAR 17.208(f)</a> <a href="#">FAR 37.111</a>	Y N N/A
3	1.23.7	If termination, were cure and show cause and other	<a href="#">FAR 49.402-3</a>	Y N

		related notices issued timely and properly?	<a href="#">FAR 49.607</a>	N/A
3	1.23.8	If termination, were the procedures for termination for convenience, termination for default, and termination for cause followed, including reporting default and cause actions to FAPIIS? (Updated 1 Jul 13)	<a href="#">FAR 9.104-6(d)</a> <a href="#">DFARS 209.105-2-70</a> <a href="#">FAR 49 AFFARS 5333.291(b)</a> <a href="#">AFFARS 5349</a> <a href="#">FAR 12.403</a>	Y N N/A
3	1.23.9	Was the contractor's accounting system adequate during the period of performance? (Added 1 Jul 13)	<a href="#">FAR 42.302(a)(12)</a>	Y N N/A
3	1.23.10	Were representation and novation modifications accomplished and reported to FPDS? (Added 1 Jul 13)	<a href="#">FAR 19.301</a> <a href="#">DFARS 219.3</a> <a href="#">FAR 42.12</a> <a href="#">DFARS 242.12</a>	Y N N/A
	<b>1.24</b>	<b>Other Contract Actions</b>		
3	1.24.1	Blanket Purchase Agreement (BPA): Did the CO furnish the BPA supplier with a list of individuals authorized to place orders either by name, title, or position, along with his/her organization and the dollar limitation for each order?	<a href="#">FAR 13.303-3(a)(4)</a>	Y N N/A
3	1.24.2	BPA: Did the CO review the BPA at least annually to ensure authorized procedures are followed?	<a href="#">FAR 13.303-6</a>	Y N N/A
3	1.24.3	Federal Supply Schedule (FSS) Order: Were at least three schedule contractors considered prior to placing an order in excess of the micro-purchase threshold?	<a href="#">FAR 8.405-1(c)</a>	Y N N/A
3	1.24.4	FSS Order: Was an order exceeding the Simplified Acquisition Threshold placed against a FSS awarded on a competitive basis? If not, was the contract file documented appropriately?	<a href="#">DFARS 208.405-70</a> <a href="#">FAR 8.405-6</a>	Y N N/A
		<b>Research &amp; Development</b>		
	<b>1.25</b>	<b>Assistance Instrument</b>		
3	1.25.1	Before using a grant or cooperative agreement, did the Grants Officer make a positive judgment that an assistance instrument, rather than a procurement contract, was the appropriate instrument?	<a href="#">DOD Grant and Agreement Regulations, DOD 3210.6 (DODGARS) 22.205</a>	Y N N/A
3	1.25.2	When a Grants Officer determined that a cooperative agreement was the appropriate instrument, did the Grants Officer document the nature of the substantial involvement that led to selection of a cooperative agreement?	<a href="#">DODGARS 22.215(a)(2)</a>	Y N N/A



3	1.25.3	Did the Grants Officer use merit-based, competitive procedures to award grants and cooperative agreements: (1) In every case where required by statute (e.g., for certain grants to institutions of higher education) and (2) To the maximum extent practicable in all cases where not required by statute?	<a href="#">DODGARS 22.305(b)</a>	Y N N/A
2	1.25.4	Was notice of funding availability or Broad Agency Announcement publicly disseminated via posting at the Governmentwide site designated by the OMB (currently <a href="http://www.Grants.gov">http://www.Grants.gov</a> )?	<a href="#">DODGARS 22.315(a)(3)</a>	Y N N/A
3	1.25.5	Are Technology Investments Agreement awarded only by Agreements Officers?	<a href="#">DODGARS 37.125</a>	Y N N/A
	<b>1.26</b>	<b>Broad Agency Announcement (BAA)</b>		
3	1.26.1	Does the BAA, together with any supporting documents, (1) Describe the agency's research interest; (2) Describe the criteria for selecting the proposals, their relative importance, and the method of evaluation; (3) Specify the period of time during which proposals submitted in response to the BAA will be accepted; and (4) Contain instructions for the preparation and submission of proposals?	<a href="#">FAR 35.016(b)</a>	Y N N/A
3	1.26.2	Was the availability of the BAA publicized through the Governmentwide point of entry (GPE), and published no less frequently than annually?	<a href="#">FAR 35.016(c)</a>	Y N N/A
3	1.26.3	Were proposals received as a result of the BAA evaluated in accordance with evaluation criteria through a peer or scientific review process?	<a href="#">FAR 35.016(d)</a>	Y N N/A
3	1.26.4	For the BAA, was technical, importance to agency programs, and fund availability the primary basis for selecting proposals for acceptance? Was cost realism and reasonableness also considered to the extent appropriate?	<a href="#">FAR 35.016(e)</a>	Y N N/A
		<b>Operational -- Construction / Architect-Engineer</b>		
	<b>1.27</b>	<b>Construction</b>		
3	1.27.1	Were payment and performance bond requirements included in the solicitation and was adequate security obtained? If not, was documentation present IAW FAR 28.102-1?	<a href="#">FAR 28.102</a> <a href="#">FAR 28.201</a>	Y N N/A
3	1.27.2	If the solicitation contains one or more items subject to statutory cost limitations, were offerors informed as to the applicability of cost limitations for each affected item in a separate schedule?	<a href="#">FAR 36.205 (b)</a>	Y N N/A

3	1.27.3	Was an independent Government estimate of construction costs prepared and did the solicitation contain the magnitude of the requirement?	<a href="#">FAR 36.203</a> <a href="#">FAR 36.204</a> <a href="#">DFARS 236.204</a>	Y N N/A
3	1.27.4	Are liquidated damages included on projects estimated at over \$650K, except cost-plus-fixed-fee contracts? If so, did the file contain documentation for how liquidated damages were determined?	<a href="#">FAR 11.502</a> <a href="#">FAR 36.206</a> <a href="#">DFARS 211.503</a>	Y N N/A
3	1.27.5	Did the CO make appropriate arrangements for prospective offerors to inspect the work site and document the visit?	<a href="#">FAR 36.210</a>	Y N N/A
3	1.27.6	Was final inspection and acceptance of the construction made by the Government?	<a href="#">FAR 46.312</a> <a href="#">FAR 52.246-12</a>	Y N N/A
3	1.27.7	Was a release of claims and all other final documentation obtained from the contractor and civil engineer prior to final payment?	<a href="#">FAR 32.111(a)(5)</a> <a href="#">FAR 52.232-5(h)</a>	Y N N/A
	<b>1.28</b>	<b>Architect-Engineer (A&amp;E) Services</b>		
2	1.28.1	Is the 6% statutory limitation for A&E design services observed?	<a href="#">FAR 15.404-4(c)(4)(i)(B)</a>	Y N N/A
3	1.28.2	Was approval from the head of the agency received for any construction contract awarded to a firm (or its subsidiaries or affiliates) that designed the project?	<a href="#">FAR 36.209</a>	Y N N/A
3	1.28.3	Did the evaluation board prepare a selection report and recommend, in order of preference, at least three firms that were considered to be the most highly qualified?	<a href="#">FAR 36.602-3</a>	Y N N/A
3	1.28.4	Was an independent government estimate of the cost of A&E services submitted to the CO before commencing negotiations for each action expected to exceed the SAT?	<a href="#">FAR 36.605</a>	Y N N/A
	<b>1.29</b>	<b>Ratifications</b>		
3	1.29.1	Are ratifications processed IAW AFFARS MP5301.602-3?	<a href="#">AFFARS 5301.602-3</a>	Y N N/A
	<b>1.30</b>	<b>Compliance with DOD's Only One Offer Policy (Added 16 Apr 2013)</b>		
3	1.30.1	If only one offer was received when competitive procedures were used and the solicitation allowed fewer than 30 days for receipt of proposals, does the contract file reflect:  (a) That the contracting officer consulted with the requiring activity regarding revision of the	<a href="#">DFARS 215.371-2</a> <a href="#">DFARS 215.371-5(a)</a>	Y N N/A

		requirements document in order to promote more competition (see FAR 6.502(b) and 11.002); and  (b) That the contracting officer resolicited for an additional period of at least 30 days for receipt of proposals; or obtained HCA approval to waive the requirement to resolicit for an additional period of at least 30 days?		
3	1.30.2	If there was “reasonable expectation ...that two or more offerors, competing independently, would submit priced offers” but only one offer was received, does the contract file contain a properly approved determination that the price is fair and reasonable (see FAR 15.403-1(c)(1)(ii))?	<a href="#">DFARS 215.371-3(a)</a>	Y N N/A
3	1.30.3	Did the contracting officer obtain offeror cost or pricing data necessary to determine a fair and reasonable price, or comply with the requirement for certified cost or pricing data, and enter into negotiations with the offeror to establish a fair and reasonable price?	<a href="#">DFARS 215.371-3(b)</a>	Y N N/A
		<b>Contracting Office</b>		
		<b>General Management</b>		
	<b>2.1</b>	<b>Self-Inspection Program</b>		
3	2.1.1	Does the contracting office have a documented self-inspection program, which includes a process for resolving findings, reviews to close findings, and integrating findings into a unit training program?	<a href="#">AFFARS MP5301.601-91</a> <a href="#">AFI 64-102 para 3.4.9 - (Operational)</a> <a href="#">AFI 90-201 para 2.4</a>	Y N N/A
	<b>2.2</b>	<b>Contracting Officer Appointments/Warrants</b>		
3	2.2.1	Are the selection, appointment, termination, and record maintenance of contracting officer warrants, including contingency warrants, accomplished properly?	<a href="#">FAR 1.603</a> <a href="#">AFFARS 5301.603</a> <a href="#">AFFARS MP5301.603</a>	Y N N/A
	<b>2.3</b>	<b>Customer Education</b>		
3	2.3.1	Has the contracting office established and maintained a customer education program to explain contracting procedures, help with developing requisitions for requirements, develop and maintain “open” lines of communication, and stress the importance of meaningful partnerships with customers and contractors?	<a href="#">AFI 64-102 para 3.4.3 &amp; 3.4.8</a>	Y N N/A
	<b>2.4</b>	<b>Training Programs</b>		

3	2.4.1	Is a formal training program established and implemented for civilians, military, interns, and Copper Caps?	<a href="#">AFI 36-401 para 1.10.8</a> <a href="#">AFI 36-602 para 3.8 - (Copper Caps)</a> <a href="#">AFI 64-102 para 3.4.5 - (Operational)</a>	Y N N/A
3	2.4.2	Has the contracting office established an On-The-Job-Training (OJT) program which allows personnel to attain knowledge and skill qualifications required to perform duty in their specialty?	<a href="#">AFI 36-2201 para 6.1</a> <a href="#">AFI 64-102, para 3.6.2, 3.9.7, 3.9.8</a>	Y N N/A
	<b>2.5</b>	<b>Continuous Learning</b>		
3	2.5.1	Are all acquisition coded contracting personnel afforded continuous learning opportunities, and are the required employees achieving the mandatory 80 continuous learning points (CLP) within two years?	<a href="#">DODI 5000.66 para E2.2.8.1</a> <a href="#">AFI 36-401 para 5.7</a>	Y N N/A
	<b>2.6</b>	<b>Contingency Support</b>		
2	2.6.1	Does the contracting office develop and maintain Contracting Incident Response Kits (CIRKs) and deployment kits for use during contingencies, as required?	<a href="#">AFFARS Appendix CC-302</a> <a href="#">AFFARS MPCC-301(c)(1)</a>	Y N N/A
2	2.6.2	Does the contracting unit commander ensure mandatory contingency specific training is accomplished and documented? (Including contracting activity training of non-contracting personnel designated to support contingency plans on the proper use of ordering instruments, SF 44, GPC, and other decentralized procedures authorized for use)	<a href="#">AFI 64-102 para 3.7.1</a>	Y N N/A
2	2.6.3	Are the Unit Type Codes (UTCs) status being monitored and reported in ART? Is a mobility roster being maintained for all tasked UTCs?	<a href="#">AFI 64-102 para 3.6.9 and 3.7.4</a>	Y N N/A
	<b>2.7</b>	<b>Contract Closeout and Disposal of Contract Files</b>		
3	2.7.1	For contracts administered by the contracting office, are contract closeouts accomplished?	<a href="#">FAR 4.804 DFARS PGI 204.8</a>	Y N N/A
3	2.7.2	Does the contracting office follow the prescribed procedures for the handling, storing, and disposing of contract files?	<a href="#">FAR 4.805 DFARS 204.805</a>	Y N N/A
	<b>2.8</b>	<b>Interagency Acquisitions</b>		
3	2.8.1	Are required contracting office responsibilities	<a href="#">AFI65-116 para</a>	Y N

		completed for Military Interdepartmental Purchase Requests (MIPRs) that will result in a contract action?	<a href="#">3.5</a>	N/A
		<b>Other Required Evaluations</b>		
	<b>2.9</b>	<b>Government Purchase Card (GPC) Program</b>		
3	2.9.1	Has the Contracting Squadron Commander/Chief of Contracting Office designated a primary and at least one alternate Agency/ Organization Program Coordinator (A/OPC) to manage the installation level GPC Program? Also, are the primary and alternate A/OPCs in an allowable job series and APDP Level I certified in Contracting?	<a href="#">AFI 64-117 paras 2.3.2.1 and 2.3.3.1</a>	Y N N/A
3	2.9.2	Is the GPC program managed with effective internal controls to ensure the appropriate management, operation, and oversight of the local GPC program?	<a href="#">AFI 64-117</a>	Y N N/A
3	2.9.3	Do all card holders not in contracting organizations possess written authority from the Contracting Squadron Commander/Chief of Contracting Office to make purchases and/or place orders?	<a href="#">AFI 64-117 para 2.3.2.2</a>	Y N N/A
3	2.9.4	Is the A/OPC performing and documenting physical surveillance on each managing account, as well as a random sample of 25% of cardholders assigned to each managing account to include corrective actions taken?	<a href="#">AFI 64-117 para 5.1.2.1</a>	Y N N/A
3	2.9.5	Is the A/OPC using the Purchase Card On-Line System (PCOLS) as an electronic tool to manage its GPC Program to perform Level IV reviews?	<a href="#">AFI 64-117 para 5.1.2.6</a>	Y N N/A
	<b>2.10</b>	<b>Oversight of QA Program</b>		
3	2.10.1	Has a Quality Assurance Program Coordinator (QAPC) been appointed and trained, and is the QAPC performing the roles and responsibilities outlined in AFFARS MP5346.103?	<a href="#">AFFARS MP5346.103</a>	Y N N/A
	<b>2.11</b>	<b>Plans for Continuation of Contractor Services</b>		
3	2.11.1	For contracts which include Government-determined essential contractor services, do the contracts contain a written mission essential contractor services plan? Do COs consult with a functional manager to assess the sufficiency of a plan prior to incorporation in the contract?	<a href="#">DFARS 237.7602</a>	Y N N/A
	<b>2.12</b>	<b>Nonappropriated Fund (NAF) Contracting Procedures</b>		

3	2.12.1	Did the Force Support Squadron (FSS) Commander (or equivalent) review NAF Contracting Officer appointments annually and forward requests for termination to the Air Force Nonappropriated Fund Purchasing Office (AFNAFPO) when the appointment is no longer needed?	<a href="#">AFMAN 64-302 para 3.6.2</a>	Y N N/A
3	2.12.2	Did the Force Support Squadron (FSS) Commander (or equivalent) certify on an annual basis that adequate controls are in place and that Nonappropriated Fund (NAF) Contracting is being conducted in accordance with current directives, and submitted to HQ AFSVA/SVC, no later than 30 Nov each year?	<a href="#">AFMAN 64-302 para 3.12</a>	Y N N/A

THIS PAGE INTENTIONALLY LEFT BLANK

## APPENDIX C. BASIC PERFORMANCE METRICS

Areas to measure procurement performance in the public sector (after R. Rendon, & E. C. Yoder, personal communication, April 28, 2014)

<b><u>Mission Metrics</u></b> <ul style="list-style-type: none"><li>• Number and type of contracts completed within project schedule</li><li>• Number and type of projects delayed by the contracting process</li><li>• Number and type of projects cancelled by customer due to contracting delays</li><li>• Number and type of projects re-scoped as a result of the contracting process</li><li>• Amount of resources lost due to non-obligation of funds</li><li>• Amount of resources reduced by customer due to contracting delays</li></ul>	<b><u>Management Metrics</u></b> <ul style="list-style-type: none"><li>• Number of procurement packets currently assigned to each contract specialist</li><li>• Amount of time to process a procurement packet per contract specialist</li><li>• Contracting requirements forecasted by quarter for next four quarters</li><li>• Expiring contracts forecasted by quarter for next four quarters</li></ul>
<b><u>Process Metrics</u></b> <ul style="list-style-type: none"><li>• Time spent during the preparation period prior to the contracting office receiving an approved procurement packet</li><li>• Time between receipt of an approved procurement packet and assignment to a contract specialist</li><li>• Time between the assignment to a contract specialist and the award of the contract</li><li>• Time between the contract award and the receipt of vendor product/service</li><li>• Time between receipt of vendor product/service and vendor payment received</li></ul>	<b><u>Customer Service Metrics</u></b> <ul style="list-style-type: none"><li>• Amount of time for a customer to obtain a current status on their project</li><li>• Frequency of regular status updates to the customer</li><li>• Number of customer issues resolved within 48 hours</li><li>• Customer satisfaction with the contracting process and feedback</li></ul>



THIS PAGE INTENTIONALLY LEFT BLANK

## **APPENDIX D. MILESTONES FOR THE ACQUISITION CYCLE**

Contracting process milestones (after FAR 7.105(21)).

- Acquisition plan approval
- Statement of work
- Specifications
- Data requirements
- Completion of acquisition-package preparation
- Purchase request
- Justification and approval for other than full and open competition where applicable and/or any required D and F approval
- Issuance of synopsis
- Issuance of solicitation
- Evaluation of proposals, audits, and field reports
- Beginning and completion of negotiations
- Contract preparation, review, and clearance
- Contract award

THIS PAGE INTENTIONALLY LEFT BLANK

## **APPENDIX E. BUYER BEST PRACTICES: 25 ACTIONS TO IMPROVE RESULTS**

Methods to improve the contracting buying process (after Garrett, 2007, p.100).

- Decide what products, services, or solutions you need.
- Conduct market research and benchmarking of industry practices.
- Identify risk in quality, cost, and schedule (outsource analysis).
- Develop a solicitation that clearly and concisely communicates your needs in terms of performance.
- Develop effective procedures for seller selection, negotiation, and contract implementation.
- Obtain expert judgment internally or externally to help in solicitation planning.
- Determine the appropriate type of contract or pricing arrangement, considering the risks to each party.
- Use a risk management process to mitigate risks.
- Create standard Terms and Conditions that favor you.
- Develop qualified seller lists.
- Conduct bidders' conferences in person, video conference, or via Net meeting.
- Use draft solicitations and obtain feedback from sellers before final solicitation.

THIS PAGE INTENTIONALLY LEFT BLANK

## APPENDIX F. INHERENTLY GOVERNMENT FUNCTION MEMORANDUM

The following template is an example of an Inherently Government Function Determination Memorandum (after AFS1, personal communication, July 21, 2014).

### MEMORANDUM FOR CONTRACTING OFFICER

SUBJECT: Inherently Governmental Functions and Private Sector Performance Determination

PURCHASE REQUEST (PR) #: \_\_\_\_\_

PROJECT TITLE: \_\_\_\_\_

1. In accordance with Federal Acquisition Regulations (FAR) Subpart 7.503(e) and Defense Federal Acquisition Regulation Supplement (DFARS) Subpart 207.503(e), I hereby determine that:

- a. The objective of this proposed contract is provide XXXXXXXXXXXXXXX support to the XX XXX Squadron.
- b. None of the functions required to be performed under this Performance Work Statement (PWS) are inherently governmental.
- c. None of the functions to be performed under this PWS are exempt from private sector performance, as addressed in DOD Instruction 1100.22.

2. This determination was prepared using DOD Instruction 1100.22, Guidance for Determining Workforce Mix, thorough review of the list of examples of functions, and includes all aspects of the PWS. The contractor will not have any discretionary authority, decision-making responsibility, or accountability of Government officials under these proposed contractor provided services.

3. Point of contract is the undersigned at (XXX) XXX-XXXX.

\_\_\_\_\_  
*Name/Title, Designated Requirements Official, Office*

THIS PAGE INTENTIONALLY LEFT BLANK

## APPENDIX G. NON-PERSONAL SERVICES MEMORANDUM

The following template and worksheet are examples of a non-personal services memorandum (after AFS1, personal communication, July 21, 2014).

### MEMORANDUM FOR CONTRACTING OFFICER

SUBJECT: Request for Non-Personal Services Certification

PURCHASE REQUEST (PR) #: \_\_\_\_\_

PROJECT TITLE: \_\_\_\_\_

This certification and enclosed worksheet is designed to ensure that the agency does not award a personal-services contract unless specifically authorized by statute (e.g., 10 U.S.C. 129b, 5 U.S.C. 3109, or 10 U.S.C. 1091). Therefore, this documentation should be completed in conjunction with the submission of a service-contract requirement to the contracting officer.

A personal services contract is characterized by the employer-employee relationship it creates between the Government and the contractor's personnel. The Government is normally required to obtain its employees by direct hire under competitive appointment procedures required by civil service laws. Obtaining personal services by contract, rather than by direct hire, circumvents those laws unless Congress has specifically authorized acquisition of the services by contract.

An employer-employee relationship under a service contract occurs when the Government exercises relatively continuous supervision and control over contractor personnel performing the contract.

Upon considering the information above and the worksheet below, I certify that this requirement does NOT include an unauthorized personal services arrangement, either in the way the work statement is written or in the manner in which the resulting contract will be managed and overseen.

\_\_\_\_\_  
*Signature/Designated Requirements Official, Office*

Printed Name/Title/Grade: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
*Signature/Contracting Officer, Office*

Printed Name: \_\_\_\_\_

Date: \_\_\_\_\_



## Personal Service Worksheet

<b>“XXXXXXX Services”</b>	<b>YES</b>	<b>NO</b>
<b>Personal Services Defined (The following descriptive elements from FAR 37.104 should be used as a guide to assess whether or not a proposed contract is personal in nature. If the answer to any of the items below is “YES,” then additional measures should be taken to ensure the contract is not administered so as to create an employer-employee relationship between the Government and the contractor’s personnel and result in an unauthorized personal services contract.)</b>		
1. Contractor personnel are performing on a Government site		
2. Principal tools and equipment are furnished by the Government.		
3. Services are applied directly to the integral effort of the agency or an organizational subpart in furtherance of assigned function or mission		
4. Comparable services meeting comparable needs are performed in this agency or similar agencies using civil-service personnel.		
5. The need for the service provided can reasonably be expected to last beyond one year.		
6. The inherent nature of the service, or the manner in which it is to be provided, reasonably requires (directly or indirectly) Government direction or supervision of contractor employees in order to: (a) adequately protect the Government’s interest; (b) retain control of the function involved; or (c) retain full personal responsibility for the function supported in a duly authorized Federal officer or employee		

## APPENDIX H. STREAMLINED ACQUISITION STRATEGY SUMMARY

The Streamlined Acquisition Strategy Summary is a template for acquisitions greater than \$150,000 but less than \$10M (after AFS1, personal communication, July 21, 2014).

### FOR OFFICIAL USE ONLY

**Date:** \_\_\_\_\_

**Contracting Office:** \_\_\_\_\_

**Requiring Activity:** \_\_\_\_\_

**Project Title:** \_\_\_\_\_

**Buyer Email:** \_\_\_\_\_

**Buyer Name:** \_\_\_\_\_

**Voice(DSN):** \_\_\_\_\_

**Fax(DSN):** \_\_\_\_\_

**Control Number:** \_\_\_\_\_

**Type of Acquisition:** ☐ Construction ☐ Service ☐ Supply

**Government Estimate** (include options): \_\_\_\_\_

---

### I. Brief Description of Requirement

(Include delivery schedule and discuss problems and/or risk factors.)

### II. Proposed Acquisition Approach

**a. Extent of Competition** (Check all that apply and provide rational):

☐ Sole Source\* ☐ Competitive Non-DOD ☐ Full & Open

\*FAR6.3 Authority: \_\_\_\_\_

☐ Mandatory Use Policy (including waivers) ☐ Limited Sources

Rational:

**b. Small Business** (Check all that apply and provide rational):

☐ Competitive 8a      ☐ Sole Source 8a      ☐ SDVOSB Set Aside  
☐ Hub-Zone Sole Source   ☐ Competitive SBSA   ☐ SDVOSB Sole Source  
☐ Hub-Zone Set-Aside   ☐ N/A      ☐ Other (specify

Rational:

**c. Procedures** (Check all that apply and provide rational):

☐ FAR 8: Required Sources of Supplies and Services  
☐ FAR 12: Acquisition of Commercial Items  
☐ FAR 13: Simplified Acquisition Procedures  
☐ FAR 14: Sealed Bidding  
☐ FAR 15: Contracting by Negotiation  
☐ FAR 36: Construction and Architect Engineer Contracts  
☐ FAR 37: Service Contracting

Rational:

**d. Contracting Method** (Provide rationale for selection):

☐ IFB      ☐ Competitive RFP      ☐ Sole Source RFP      ☐ Other

Rational:

**e. Basis of Award** (Provide summary of how selection will be made):

Summary:

**f. Contract Type** (Check all that apply and provide rationale):

☐ Fixed-Price      ☐ Time and Material/Labor Hour Agreement  
☐ Incentive      ☐ Indefinite Delivery Contract (IDC)  
☐ Cost-Reimbursement      ☐ Other (Specify)  
☐ Award Fee

Summary:

**g. Services:** (Check all that apply and provide rationale):

\_\_ Performance -Based  
\_\_ Severable

\_\_ Non-Performance Based (provide rationale)  
\_\_ Non-Severable

### III. Projected Key Milestone Dates:

Received PR: \_\_\_\_\_  
Issue Solicitation: \_\_\_\_\_  
Receive Bids/Offers: \_\_\_\_\_

Complete Evaluations: \_\_\_\_\_  
Award Contract: \_\_\_\_\_  
Contract Start: \_\_\_\_\_

*Coordination and approval of this form can be accomplished via digital signatures, or by hand signatures on hard copy.*

Requiring Activity/Program Manager ([signature](#)):

---

**\*\*To be completed by the Contracting Officer\*\***

Contracting Officer ([signature](#)): \_\_\_\_\_

Comments: \_\_\_\_\_

---

**\*\*To be completed by the Small Business Office\*\***

Small Business Specialist ([coordination](#)): \_\_\_\_\_

Comments: \_\_\_\_\_

---

**\*\*To be completed by the Legal Office Office\*\***

Legal Office ([coordination](#)): \_\_\_\_\_

Comments: \_\_\_\_\_

---

**\*\*To be completed by the Competition Advocate (when applicable)\*\***

Competition Advocate ([coordination](#)): \_\_\_\_\_

Comments: \_\_\_\_\_

---

**\*\*To be completed by the SDO for service acquisitions (when applicable)\*\***

SDO Certificate:

In accordance with [AFI 63-101](#), the undersigned, acting in the capacity of Services Designated Official (SDO) for this acquisition, determines that the Performance Work Statement is, to the maximum extent possible, performance based (considering the security requirements inherent

in this acquisition), reflects outcome-based objectives in the Service Delivery Summary (SDS), and contains metrics appropriate for the requirement that will ensure timely and accurate assessment of contractor performance. *(SDO certification should be tailored for each acquisition.)*

SDO ([coordination](#)): \_\_\_\_\_

---

**\*\*To be completed by the Approving Authority (one level above the CO)\*\***

**Name:**\_\_\_\_\_

**Organization:**\_\_\_\_\_

**Email:**\_\_\_\_\_

**Voice(DSN):**\_\_\_\_\_

\_\_SASS approved as submitted

\_\_SASS conditionally approved subject to comments below

\_\_SASS disapproved (Reviewer required to provide comments below)

Approving Authority ([signature](#)): \_\_\_\_\_

Comments: \_\_\_\_\_

**FOR OFFICIAL USE ONLY**

## APPENDIX I. JUSTIFICATION FOR OTHER THAN FULL AND OPEN COMPETITION

The justification for other than full and open competition is required pursuant to 10 USC 2304(c) and FAR 6.302-2(a)(4) (after AFS1, personal communication, July 21, 2014).

### JUSTIFICATION FOR OTHER THAN FULL AND OPEN COMPETITION

#### **I. Contracting Organization**

*Fully identify the contracting organization responsible for the proposed contracting action. Specifically identify as a “Justification for Other Than Full and Open Competition.” Identify purchase request number, if applicable.*

#### **II. Description of Action**

*State whether the action will be awarded as a new contract or by modification to an existing contract (identify contract number) and identify the type contract planned (e.g., firm-fixed-price, cost-plus-incentive-fee, etc.). If exception 2 is cited (unusual or compelling urgency), state date of UCA/contract/modification issuance and amount.*

*For class J&A situations where the number of contracts in the class can be identified: (1) Provide brief general description of actions. (2) Identify the document as a class J&A. (3) Identify the supplies and services that are being acquired. (4) For each contract in the class identify the contractor; estimated value; type contract and rationale for contract length; and estimated award date. Where the same information applies to more than one contract within the class, it need only be stated one time (Air Force J&A Guide).*

#### **III. Description of Supplies/Services**

*Specifically describe the supplies and/or services to be acquired including the estimated value and quantity of each item.*

*If approval for more than one fiscal year requirement is needed, give the rationale for this request. Generally, the scope of these actions is limited to current requirements only, so that actions may be taken to facilitate competition for out-year requirements. In some cases, there are no feasible actions that could develop future competition, and it is reasonable to seek approval for more than one fiscal year’s requirements.*

*Provide a detailed description of the acquisition history. Explain how the requirement fits into the larger overall program, if applicable.*

*For J&As based on demand generated requirements (such as indefinite quantity contracts), include the best-estimated quantity (BEQ) or contract maximums of supplies and services.*

#### **IV. Authority**

10 USC 2304(c)(\_\_\_), as implemented by FAR 6.302-\_\_ (FAR 6.303-2(a)(4)).

*Note: For class J&As, all contracts within the class should fall within the same statutory authority. Where a different authority must be used for any contract action, a separate J&A should be prepared.*

#### **V. Applicability of Authority**

*Provide, in narrative form, a fully supported demonstration that the proposed contractor's qualifications or the nature of the acquisition supports the use of the authority cited. The discussion should clearly relate to the conditions described by the FAR for the particular authority. This paragraph is normally the most detailed part of the justification as the essence of the justification is presented here. For acquisitions that include both supplies and services, separately justify the use of the authority for the services and supplies.*

*When FAR exception 6.302-2 is used, the specific extent and nature of the harm to the government must be clearly stated in the J&A. Merely citing a United States Air Force (USAF) precedence rating and/or Force Activity Designator (FAD) rating or Program Management Directive (PMD)/Program Action Directive (PAD) guidance is not in itself sufficient reason to use a FAR exception 6.302-2 J&A.*

#### **VI. Efforts to Obtain Competition**

*Describe all efforts taken (or to be taken) to ensure that offers are solicited from as many potential sources as practicable under the circumstances. The following issues should be addressed in this paragraph:*

*Sources Sought Synopsis. If a sources sought synopsis was issued, include a copy of the notice and the screening criteria used. Describe in this paragraph, or in an attachment, the results of the screening process, to include the rationale for determining the unacceptability of any synopsis respondents. This is particularly important when citing the authority of 10 USC 2304(c)(1), "Only one (or a limited number of) responsible source(s)," since it is this survey of the market place that confirms our assumptions regarding the capability of industry to meet our needs. The sources sought synopsis may be less important when*

*other authorities are cited, and it is rarely used when citing 10 USC 2304(c)(2), “Unusual and Compelling Urgency.”*

*Synopses of Proposed Contract Actions. Describe either the plans to publish a synopsis or the results of a synopsis (FAR Subpart 5.2). If the proposed action was not or will not be synopsized, cite the specific authority for not doing so (per FAR 5.202) and the rationale for the synopsis exception.*

*Other Actions. In this paragraph, discuss any other actions taken or planned to facilitate competition. The discussion should include actions tried or considered even if the actions were unsuccessful. If the efforts were unsuccessful, so state and describe why.*

*Qualifying Country Sources. If qualifying country sources have expressed interest, but are to be excluded, provide supporting rationale.*

## **VII. Fair and Reasonable Costs**

*Include a statement by the contracting officer that the anticipated cost will be considered fair and reasonable and provide the basis for this determination. The steps that will be taken to ensure the final contract price will be fair and reasonable are also described here. Describe the extent of cost or price analysis anticipated including the requirements for certified cost or pricing data, technical evaluations, and audits (FAR 6.303-2(a)(7)).*

## **VIII. Market Research**

*Discuss any market research conducted pursuant to FAR Part 10 and describe results. Market research is any effort undertaken to determine if sources capable of satisfying the agency’s requirements exist and to determine if commercial items or nondevelopmental items are either available or can be modified so that they will satisfy the agency’s needs. Market research should be focused not only on identifying alternate sources, but also on alternate equipment or substitutes that might fill the government needs with only minor modification. Regardless of the approach used, the results should provide a high level of confidence that no other qualified sources exist. If no market research was conducted, so state and provide the rationale*

*Generally some form of market research should be conducted, but it is most critical when citing the authority of 6.302-1. Only one (or a limited number of) responsible source(s). When other authorities are relied upon, the market research might be limited to an examination of the acquisition history and experience with the marketplace under previous acquisitions for the same or similar items. When using the authority of FAR 6.302-5, Authorized or Required by Statute, a market survey may be inappropriate given the conditions supporting the authority. If the market research effort was described in paragraph VI, Efforts to Obtain Competition do not repeat the same information here; merely refer to the previous discussion.*



## **IX. Other Facts**

*Provide any other facts supporting the use of OTF&OC, including an explanation of why technical data packages, specifications, engineering descriptions, statements of work, statements of objectives, or purchase descriptions suitable for F&OC have not been developed, are not being developed, are not being used, or are not available. Describe actions taken or planned to remedy this situation, including a discussion of claims of proprietary data by the contractor) and FAR 6.303-2(a)(9)(i).*

*When FAR 6.302-1(a)(2)(ii) is cited for follow-on acquisitions as the basis for the justification, include an estimate of the cost that would be duplicated and the basis and derivation of the estimate, or provide details on why a delay would be unacceptable (FAR 6.303-2(a)(9)(ii)).*

*When FAR 6.302-2 is cited, provide data, estimated cost, or rationale as to the nature and extent of the harm to the government. Only the minimum required quantity qualifies for -2 coverage, use of this authority is not an automatic exemption from synopsis (FAR 6.303-2(a)(9)(iii)). Cite the anticipated entry for Block C3 of the DD Form 350 (Extent of Competition).*

*For class J&As, do not repeat rationale contained in other paragraphs. This explanation must be consistent with and supportive of the duration of contracts to be approved under the J&A and the information contained in Section XI below.*

## **X. Interested Sources**

*List the sources that have expressed written interest in the acquisition. Provide the results on status of any synopses. If contractors have expressed interest but will not be considered a potential source, explain why they cannot perform or are not expected to submit an offer. Do not repeat information that is already provided in another paragraph, merely make reference to it (FAR 6.303-2(a)(10)).*

## **XI. Steps to Foster Competition**

*Describe any actions taken or to be taken to foster competition for future acquisitions of the supplies or services being acquired. Also describe potential actions that could be undertaken to remove the barriers to competition that have been identified in the justification*

*FAR 6.303-2(a)(11). Consider including a milestone schedule for accomplishing these actions. If no actions are planned, so state and provide reasons. If approval is sought for more than one year, explain why a sole source effort is required for the planned time duration.*

*Address efforts to ensure competition for future spare parts and maintenance in support*

*of systems or equipment covered by the justification, even when these acquisitions will be accomplished by other organizations. Include a discussion on available breakout data.*

**XII. Contracting Officer's Certification**

The contracting officer's signature on the Justification Review Document evidences that he/she has determined this document to be both accurate and complete to the best of his/her knowledge and belief (FAR 6.303-2(a)(12)).

**XIII. Technical/Requirements Personnel's Certification**

As evidenced by their signatures on the J&A signature page, the technical and/or requirements personnel have certified that any supporting data contained herein which is their responsibility is both accurate and complete (FAR 6.303-2(b)).

***NOTES:***

*1. A not-to-exceed (NTE) option should be treated as a new procurement and supported by a separate J&A or covered by a J&A supporting the basic buy and NTE (AFFARS 5317.207)*

*2. The IACR document will be substantially the same as shown below.*

THIS PAGE INTENTIONALLY LEFT BLANK

## APPENDIX J. BUYER'S CHECKLIST

The buyer's checklist is an internal checklist used by operational contracting organizations (after AFS1, personal communication, July 21, 2014).

**Solicitation/RFQ/RFP # :** \_\_\_\_\_ **Contract/T.O.#:** \_\_\_\_\_

1. ☐ AF Form 9 completed correctly
  - ☐ Item description clear, complete, concise
  - ☐ Amendments signed/returned
  - ☐ For Official Use Only annotated and lined out on Form 9 & any other documents containing the government estimate
  - ☐ Designated Requirements Official certify that none of the functions to be performed are inherently governmental included in contract file (FAR 7.503(e)/DFARS 207.503)
  - ☐ Certification, Non-Personal Services to ensure that requirement does not include an unauthorized personal services arrangement
  - ☐ Non-Personal Services statement received from unit (FAR 37.103(a)(1))
  - ☐ CO Determination/Signature/Date (CO sign bottom of Flight Template)
  - ☐ Personal services contracts for health care are authorized by 10 U.S.C. 1091 (DFARS 237.104(b)(ii))
  - ☐ Ensure approved by Commander, Medical Treatment Facility (MTF)
  - ☐ D&F (when in doubt or expert or consultant services) (FAR 37.103(a)(3)/DFARS 237.104(b)(i))
2. ☐ **NOTICE OF SMALL BUSINESS SET-ASIDE:** IAW FAR 13.003(b) and 52.219-6, the vendor(s) was/were informed that quotations under this acquisition are being solicited from small business concerns only. This acquisition is a total small business set-aside. (**OPEN MARKET OVER \$2,500.00**)
3. ☐ NAICS (If a Small Business Set-Aside, is the potential awardee a Small Business for Designated NAICS)
4. ☐ Wage Determination and SF 98 or ☐ Exemption Statement for **OPEN Market Services Over \$2,500.00**
5. ☐ **OPEN MARKET OVER \$10,000.00**, post on ☐ FedBizOpps and/or ☐ Bid Board
6. ☐ **UNRESTRICTED ACQUISITION:** (FAR 19.502-2 / 13.003(b))
  - ☐ No expectation of quotes from two responsible small businesses (document)
  - ☐ No expectation of award at reasonable prices ☐ Exceeds SAT
  - ☐ Non-Profit Organization ☐ Micro purchase
  - ☐ Federal Supply Schedule (FSS), GSA, or VA ☐ Requirements Contract

☐ UNICOR or other Federal Agency

☐ **Brand Name** or Sole  
Source Justification

7. ☐ **DD Form 2579** (All acquisitions over \$10,000.00; **EXCEPTION: Form required for all acquisitions under \$10,000.00 if soliciting offers from other than SBs)**

☐ \$10,000-\$150,000 (in-house)

☐ Over \$150,000 Open Market (sent to SBA)

☐ For Official Use Only annotated (lined out after award is processed)

☐ **Ensure final version (signed by SBA) is filed**

☐ **Ensure a copy of final version (signed by SBA) is provided to Small Business Specialist/DBO**

8. ☐ **PRICE REASONABLENESS DETERMINATION:**

☐ Micro Purchase (ensure price fair and reasonable)

☐ Procurements over \$2,500.00:

☐ Adequate competition ☐ Published Price List

☐ Recent purchase of like/similar item (Order # \_\_\_\_\_)

☐ Buyer's Knowledge (document) ☐ Other:

9. ☐ **PRICE EXCEEDS GOV'T ESTIMATE:**

☐ **For all Planning & Certified Requirements, if potential low is \$0.01 above Government Estimate**

☐ **Evaluations/Abstract Completed & Email sent on \_\_\_\_\_ (same date)**

☐ **Email printed and filed on top of AF Form 9**

☐ Additional funds letter in file

☐ Differences of 20% and more between gov't estimate and quote (document)

☐ For repairs: Price does not exceed MRA

10. ☐ **NOT TO EXCEED**

☐ Cost constraint identifies CLIN as NTE

☐ Block 18b is annotated correctly (since invoices will have to be certified)

☐ Payment statement added to identify where invoices need to be submitted to

11. ☐ Quantity changed (document)

☐ P/N changed (document)

☐ "Or Equal" item approved by: \_\_\_\_\_

12. ☐ Warranty applies

13. ☐ Hazardous Material clause(s) applies (check clause database for applicable clauses)

14. ☐ Vehicle/Equipment lease (Lease vs. Buy determination)

15. ☐ Preventive Maintenance Agreement (PMA) Justification

16. ( ) Government Property removed from base  
 ( ) FAR 52.245-4 Government Furnished Property (short form)  
 ( ) DD Form 1149 completed
17. ( ) FOB Point is: ( ) Destination ( ) Origin ( ) Government Pick-up/Delivery
18. ( ) Abstract complete ( ) The contractor receiving the award is outlined in red  
 ( ) Buyer's initials and date on Procurement List Check
19. ( ) Award Cover Letter prepared
20. ( ) Deobligation Letter prepared
21. ( ) ALL Justification & Approval (J&A) posted to FBO within 14 days of award
22. ( ) FAPIIS search printed and D&F prepared for CO signature (over SAT, \$150K)
23. ( ) Quad Chart prepared for new Services over SAT, \$150K, for posting to  
 [MAJCOM  
 CONTRACTING DIRECTORATE] site within 30 days of award
24. ( ) Manpower Office Validation (Services Awards):  
 ( ) Distribution of all Recurring Services Awards  
 ( ) Distribution of all One-Time Services Awards (**regardless of dollar amount**)

**NOTE:** At a minimum, include Page 1 through the Line of Accounting (LOA) (**as well as the SOW/PWS**)

25. ( ) **CONTRACT REVIEW SHEETS (Scan for DBO's tracker to MAJCOM):**  
 ( ) Scan Solicitation Phase CRC sheets including cover sheet & all  
 comment/response pages  
 ( ) Named w/Solicitation Number & short title then send to DBO (XX CONS/CD)  
 ( ) Scan Award Phase CRC sheets including cover sheet & all comment pages  
 ( ) Named w/Contract/Task Order/Delivery Order # & short title then send to DBO  
 (XX CONS/CD)

26. ( ) Other: \_\_\_\_\_

\_\_\_\_\_  
 Contract Specialist

\_\_\_\_\_  
 Date

THIS PAGE INTENTIONALLY LEFT BLANK

## APPENDIX K. PREDICTIVE MILESTONE TOOL

The predictive milestone tool is used by operational contracting organizations for forecasting dates related to the acquisition (after AFS2, personal communication, July 21, 2014).

Predictive Milestone Tool										
CO Signature & Date			CONTRACT REQUIRES ADDITIONAL TIME TO COMPLETE					Customer Signature & Date		CS Signature & Date
Required	Received	Customer Documents	Description of contract / requirements					Customer Organization		
		AF Form 9	Requested Award Date		4/11/2015	Initial Package Received Date	5/29/2014		Customer Name	
		IGCE								
	2-Jun	PWS	Contract Package Submitted			Competition Type:	Limited or Sole Source J&A		Customer Contact Info	
		CDR								
		SRDA	Projected Award Date		4/12/2015	Est. Contract Value:	\$30,000,000.00		ESIS Date (Start planning with customer)	
		Market Research				Negotiations?	Yes		4/25/2014	
		QASP	Est. KTR Start Date			Will an RFI be published?	Yes		CO/CS Name	
		DD 254				Transition Timeframe?	1 Month			
Step #	Description of Step		Standard Days	Variation	Standard + Variation	Baseline Schedule	Step completion date	Actual Schedule	Workdays Ahead (Behind) Baseline Schedule	Notes (explain variations from standard)
1	RFP package review & contract file prep		5		5	6/5/2014		9/8/2014		
2	RFP package review & signature if complete		3		3	6/10/2014		9/11/2014		
3	QAPC review		5		5	6/17/2014		9/18/2014		
4	Conduct market research		15		15	7/9/2014		10/9/2014		
4a	Publish RFI		23		23	8/11/2014		11/13/2014		
5	Prepare SASS / AP (to include bundling analysis)		10		10	8/25/2014		11/28/2014		
6	Finalize D&F, SB 8(a), DD Form 2579		2		2	8/27/2014		12/2/2014		
7	Issue synopsis		15		15	8/29/2014		12/23/2014		
8	Draft RFP / RFQ		2		2	8/26/2014		12/18/2014		
9	Strategy & Business Clearance Review / Approval: Branch Chief									
10	Strategy & Business Clearance Review / Approval: Division Chief									
11	Strategy & Business Clearance Review: Committee									
12	Strategy & Business Clearance Review: Legal									
13	Strategy & Business Clearance Review / Approval: PK Deputy									
14	Strategy & Business Clearance Review / Approval: SCO									
15	Publish Solicitation (RFP / RFQ)		1		1	8/27/2014		12/19/2014		
16	KTR Receive, Prepare & Submit Proposal		10		10	9/11/2014		1/6/2015		
17	Initial proposal review		5		5	9/18/2014		1/13/2015		
18	Technical evaluation		5		5	9/25/2014		1/21/2015		
19	Price evaluation		2		2	9/25/2014		1/21/2015		
20	Proposal clarification		5		5	10/2/2014		1/28/2015		
21	Determine competitive range		2		2	10/6/2014		1/30/2015		
22	Draft pre-PNM		3		3	10/9/2014		2/4/2015		
23	Negotiation Clearance Review / Approval: Branch Chief		5		5	10/17/2014		2/11/2015		
24	Negotiation Clearance Review / Approval: Division Chief		5		5	10/24/2014		2/19/2015		
25	Negotiation Clearance Review: Policy		15		15	11/17/2014		3/12/2015		
26	Negotiation Clearance Review: Legal		3		3	11/20/2014		3/17/2015		
27	Negotiation Clearance Review / Approval: PK Deputy		5		5	11/28/2014		3/24/2015		
28	Negotiation Clearance Review / Approval: SCO		5		5	12/5/2014		3/31/2015		
29	Proposal Negotiations		15		15	12/29/2014		4/21/2015		
30	Negotiation evaluation: price		2		2	1/5/2015		4/27/2015		
31	Negotiation evaluation: technical		4		4	1/5/2015		4/27/2015		
32	FPR Submittal		5		5	1/12/2015		5/4/2015		
33	Draft PM/PC Memo		3		3	1/15/2015		5/7/2015		
34	Prepare contractor responsibility		1		1	1/16/2015		5/8/2015		
35	Prepare source selection decision document		2		2	1/21/2015		5/12/2015		
36	Contract Clearance Review / Approval: Branch Chief		5		5	1/28/2015		5/19/2015		
37	Contract Clearance Review / Approval: Division Chief		5		5	2/4/2015		5/27/2015		
38	Contract Clearance Review: Committee		15		15	2/26/2015		6/17/2015		
39	Contract Clearance Review: Legal		3		3	3/3/2015		6/22/2015		
40	Contract Clearance Review / Approval: PK Deputy		5		5	3/10/2015		6/29/2015		
41	Contract Clearance Review / Approval: SCO		5		5	3/17/2015		7/7/2015		
42	Prepare EEO		15		15	4/7/2015		7/28/2015		
43	Prepare Congressional 1279 report		3		3	4/10/2015		7/31/2015		
44	Create award in PD2		1		1	4/11/2015		8/3/2015		
					Award Date	4/11/2015	8/3/2015			



THIS PAGE INTENTIONALLY LEFT BLANK

## **APPENDIX L. COMMERCIAL AND GOVERNMENT SECTOR FINDINGS**

The commercial and government sector findings table, which starts on the next page, provides a quick review of the key activities, metrics, milestones, and best practices data within the contract management process areas.

Commercial Sector Findings				
Contract Management Processes	Key Activities	Metrics	Milestones	Best Practices
Procurement Planning	<ul style="list-style-type: none"> <li>- Needs assessment</li> <li>- Requirement analysis</li> <li>- Subcontracting decisions</li> <li>- Initiate supporting documents</li> </ul>	<ul style="list-style-type: none"> <li>- Price performance</li> <li>- Cost effectiveness</li> <li>- Revenue</li> </ul>	<ul style="list-style-type: none"> <li>- Make-or-buy document</li> <li>- Market research report</li> <li>- SOW/PWS</li> <li>- Purchase request</li> <li>- Procurement management plan</li> </ul>	<ul style="list-style-type: none"> <li>- Cross-functional teams</li> <li>- Contract management methodology</li> <li>- Uniform solicitation, proposal, and contract format</li> <li>- Simplify standard contract terms and conditions</li> <li>- Post draft solicitation for early industry feedback</li> <li>- Proper source selection training</li> <li>- Continuity of source selection team</li> <li>- Proper selection of source selection evaluators</li> </ul>
Solicitation Planning	<ul style="list-style-type: none"> <li>- Finalize supporting documents</li> <li>- Procurement method decision</li> <li>- Supplier identification</li> <li>- Contract type decision</li> </ul>	<ul style="list-style-type: none"> <li>- Quality</li> <li>- Time, delivery, &amp; responsiveness</li> <li>- Technology &amp; innovation</li> </ul>	<ul style="list-style-type: none"> <li>- Solicitation documents</li> <li>- Evaluation criteria</li> <li>- Statement of Work (SOW)/ Performance Work Statement (PWS) updates</li> </ul>	
Solicitation	<ul style="list-style-type: none"> <li>- Advertising opportunities</li> <li>- Obtaining bids</li> <li>- Pre-proposal conferences</li> <li>- Solicitation clarification</li> </ul>	<ul style="list-style-type: none"> <li>- Safety</li> <li>- Government &amp; social</li> <li>- Customer satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>- Completed Request for Proposal (RFP) /Request for Quote (RFQ)</li> </ul>	
Source Selection	<ul style="list-style-type: none"> <li>- Source selection team (SST) convenes</li> <li>- Proposal evaluation</li> <li>- Contract negotiation</li> <li>- Contract award</li> </ul>	<ul style="list-style-type: none"> <li>- Strategic performance</li> </ul>	<ul style="list-style-type: none"> <li>- Acceptance of proposals</li> <li>- Completion of evaluation</li> <li>- Contract award</li> </ul>	

Government Sector Findings				
Contract Management Processes	Key Activities	Metrics	Milestones	Best Practices
Procurement Planning	<ul style="list-style-type: none"> <li>- Initial review of purchase requests and independent gov't estimates</li> <li>- Develop PWS/SOW</li> <li>- Ensure necessary funds are certified</li> </ul>	<ul style="list-style-type: none"> <li>- Competition</li> </ul>	<ul style="list-style-type: none"> <li>- Receipt of purchase request</li> <li>- Quality assurance review</li> <li>- Determination and findings form</li> <li>- Small business specialist coordination</li> </ul>	<ul style="list-style-type: none"> <li>- Quarterly Performance Management Review</li> </ul>
Solicitation Planning	<ul style="list-style-type: none"> <li>- Preliminary review of a complete requirements package</li> <li>- Document market research and source sought</li> <li>- Coordinate with Small Business Specialist</li> <li>- Pre-solicitation notices</li> <li>- Finalize PWS/SOW</li> </ul>	<ul style="list-style-type: none"> <li>- Socioeconomic goals</li> <li>- Contract administration lead time (CALT)</li> </ul>	<ul style="list-style-type: none"> <li>- Obtain signatures and approvals for pre-award documents</li> </ul>	<ul style="list-style-type: none"> <li>- Use of CALT tool</li> </ul>
Solicitation	<ul style="list-style-type: none"> <li>- Advertise requirement</li> <li>- Review solicitations for accuracy</li> <li>- Conduct site visit if applicable</li> <li>- Answer contractor-submitted questions</li> </ul>	<ul style="list-style-type: none"> <li>- Customer satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>- Issuance of solicitation</li> </ul>	<ul style="list-style-type: none"> <li>- Use of predictive milestone tool (PMT)</li> <li>- Periodic customer briefings</li> </ul>
Source Selection	<ul style="list-style-type: none"> <li>- Source selection team review proposal</li> <li>- Contractor clarifications addressed</li> <li>- Contract award</li> </ul>	<ul style="list-style-type: none"> <li>- Contract Performance Assessment Reporting System (CPARS) ratings</li> </ul>	<ul style="list-style-type: none"> <li>- Receipt of proposals</li> <li>- Completion of evaluation</li> <li>- Contract award</li> </ul>	

THIS PAGE INTENTIONALLY LEFT BLANK

## LIST OF REFERENCES

- Air Force Federal Acquisition Regulation Supplement (AFFARS), 48 C.F.R. ch. 53, *Air Force Contracting Compliance Inspection Program* (MP5301.601-91) (2014).
- Air Force Installation Contracting Agency (AFICA). (2014). Inside WPAFB. Retrieved from <http://www.wpafb.af.mil/afica/index.asp>
- Air Force Sustainment Center (AFSC). (2014, August). Air Force Sustainment Center [Fact sheet]. Retrieved from [http://www.afsc.af.mil/library/factsheets/factsheet\\_print.asp?fsID=19642&page=1](http://www.afsc.af.mil/library/factsheets/factsheet_print.asp?fsID=19642&page=1)
- Ausink, J. A., Werber, L., & Chenoweth, M. E. (2011). *Air Force contingency contracting: Reachback and other opportunities for improvements* (TR-862-AF). Santa Monica, CA: RAND.
- Behn, R. D. (2003). Why measure performance?: Different purposes require different measures. *Public Administration Review*, 63(5), 586–606.
- Cullen, S. (2009). *The contract scorecard: Successful outsourcing by design*. Burlington, VT: Ashgate.
- Defense Acquisition University (DAU). (2014, March 26). CLC 007 Contract course selection [Course description]. Retrieved from [http://icatalog.dau.mil/onlinecatalog/courses.aspx?crs\\_id=230](http://icatalog.dau.mil/onlinecatalog/courses.aspx?crs_id=230)
- Defense Federal Acquisition Regulation Supplement (DFARS), 48 C.F.R. ch. 2, Parts 1, 4, & PGI TOC (2014).
- Defense Procurement and Acquisition Policy. (n.d.). *Commercial item handbook 2.0*. Retrieved from [www.acq.osd.mil/dpap/cpic/draftcihandbook08012011.docx](http://www.acq.osd.mil/dpap/cpic/draftcihandbook08012011.docx)
- Defense Procurement and Acquisition Policy. (2014). Contract scorecards. Retrieved from [http://www.acq.osd.mil/dpap/pdi/eb/monthly\\_contract\\_distribution\\_metrics.html](http://www.acq.osd.mil/dpap/pdi/eb/monthly_contract_distribution_metrics.html)
- Department of Defense. (2012). *Competition report for FY 2012*. Wahsington, DC: Author. Retrieved from [http://www.acq.osd.mil/dpap/cpic/cp/docs/DOD\\_FY\\_2012\\_Competition\\_Report.pdf](http://www.acq.osd.mil/dpap/cpic/cp/docs/DOD_FY_2012_Competition_Report.pdf)
- Department of the Navy. (2014). Mission of the Navy & U.S. Navy Organization. Retrieved from <http://www.navy.mil>
- Deputy Assistant Secretary for Contracting, Office of the Assistant Secretary of the Air Force for Acquisition. (2009). *Air Force contracting strategic plan 2009–2013*. Washington, DC: Author.

- Doran, G. (1981). There's a S.M.A.R.T. way to write management's goals and objectives. *Management Review*, 70(11), 35–36.
- Dumond, E. J. (1991). Performance measurement and decision making in a purchasing environment. *International Journal of Purchasing and Materials Management*, 27(2), 21–31.
- Federal Acquisition Regulation (FAR), 48 C.F.R. Parts 4–17, 33, & 52 (2014).
- Garrett, G. (1997). *World class contracting: 100+ best practices for building successful business relationships*. Arlington, VA: ESI International.
- Garrett, G. (2007). *World class contracting* (4th ed.). Riverwoods, IL: Wolters Kluwer.
- Government Accountability Office (GAO). (2013, June). *Defense acquisitions: Goals and associated metrics needed to assess progress in improving service acquisition* (GAO-13-634). Retrieved from <http://www.gao.gov/products/GAO-13-634>
- Kendall, F. (2014a, May 14). Keynote address presented at 2014 Acquisition Research Symposium, Monterey, CA.
- Kendall, F. (2014b). *Better buying power 3.0: White paper* [Memorandum]. Washington, DC: Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics.
- Lee, J. L. (2013). *Increasing opportunities for small and local businesses at the Naval Postgraduate School through simplified acquisitions contracting* (master's thesis). Retrieved from Calhoun [http://calhoun.nps.edu/bitstream/handle/10945/34696/13Jun\\_Lee\\_Jennifer.pdf?sequence=1](http://calhoun.nps.edu/bitstream/handle/10945/34696/13Jun_Lee_Jennifer.pdf?sequence=1)
- Marshall, T. (2014). Air Force secretary discusses services top priorities. Retrieved from <http://www.defense.gov/news/newsarticle.aspx?id=121903>
- Maturity. (n.d.). In *Merriam-Webster's online dictionary*. Retrieved from <http://www.merriam-webster.com/dictionary/maturity>
- Monczka, R., Handfield, R., Giunipero, L., & Patterson, J. (2011). *Purchasing & supply chain management* (5th ed.). Mason, OH: South-Western.
- Nash, R. C., Schooner, S. L., O'Brien-DeBakey, K. R., & Edwards, V. J. (2007). *The government contracts reference book: A comprehensive guide to the language of procurement* (3rd ed.). Riverwoods, IL: Wolters Kluwer.
- Naval Postgraduate School. (n.d.). *Strategic planning at the Naval Postgraduate School: NPS strategic plan*. Retrieved from <http://www.nps.edu/About/NPSSStratPlan.html>

- Office of Management and Budget). (2003, May 29). *Performance of commercial activities* (OMB Circular A-76). Washington, DC: Author.
- Office of the Assistant Secretary of the Air Force for Acquisition. (2014). *Air Force contracting strategic plan 2009–2013*. Retrieved from <http://ww3.safhq.af.mil/contracting/>
- Prusak, L. (2010, October 7). What can't be measured [Blog post]. Retrieved from <http://blogs.hbr.org/2010/10/what-cant-be-measured/>
- Rendon, R. G. (1998, February). The changing face of operational contracting. *Contract Management*, 38(2), 18–21.
- Rendon, R. G. (2001, January–February). Outsourcing base operations support functions: The Laughlin experience. *Program Manager*, 30(1), 16–31.
- Rendon, R. G. (2003). *A systematic approach to assessing organizational contract management maturity* (Unpublished doctoral dissertation). School of Business, Argosy University, Orange County, CA.
- Rendon, R. G. (2005). *Commodity sourcing strategies: Supply management in action* (NPS-CM-05-003). Retrieved from <http://www.acquisitionresearch.net>
- Rendon, R. G. (2008). Procurement process maturity: Key to performance measurement. *Journal of Public Procurement*, 8(2), 200–214.
- Rendon, R. G. (2009, August). *Contract management process maturity: Empirical analysis of organizational assessments* (NPS-CM-09-124). Retrieved from Naval Postgraduate School, Acquisition Research Program website: <http://www.acquisitionresearch.net>
- Rendon, R. G. (2011). *Contract management phases* (Unpublished lecture notes, MN3303). Naval Postgraduate School, Monterey, CA.
- Rendon, R. G., & Rendon, J. M. (2014). *Auditability in public procurement: An analysis of internal controls and fraud vulnerability*. Manuscript submitted for publication.
- Rendon, R. G., & Snider, K. (2008). *Management of defense acquisition projects*. Reston, VA: American Institute of Aeronautics and Astronautics.
- Sabiiti, C., Muhumuza, E., & Basheka, B. (n.d.). *Developing public procurement performance measurement systems in developing countries: The Uganda experience*. Retrieved from <http://www.ippa.org/IPPC4/Proceedings/12ProcurementPerformance/Paper12-1.pdf>



- Secretary of the Air Force. (2013, August 2). *The Air Force Inspection System* (Air Force Instruction [AFI] 90–201). Retrieved from [http://static.e-publishing.af.mil/production/1/saf\\_ig/publication/afi90-201/afi90-201.pdf](http://static.e-publishing.af.mil/production/1/saf_ig/publication/afi90-201/afi90-201.pdf)
- Secretary of the Air Force. (2014). *Air Force organization* (Air Force Instruction 38–101). Washington, DC: HQ USAF/A1.
- Stakeholder. (n.d.). In *BusinessDictionary*. Retrieved from <http://www.businessdictionary.com/definition/stakeholder.html>
- United States Navy. (2014). *Procurement performance management assessment program of the Navy field contracting system* (Navy Supply Instruction [NAVSUPINST] 4200.82F). Mechanicsburg, PA: Author.
- U.S. Air Force. (2005, July 1). Air Force Materiel Command (AFMC) [Fact sheet]. Retrieved from <http://www.af.mil/AboutUs/FactSheets/Display/tabid/224/Article/104481/air-force-materiel-command.aspx>
- U.S. Air Force). (2013, June). Air Force Life Cycle Management Center (AFLCMC). [Fact sheet]. Retrieved from <http://www.wpafb.af.mil/library/factsheets/factsheet.asp?id=19643>
- U.S. Air Force. (2014). USAF mission. Retrieved from <http://www.airforce.com>
- Wysocki, R. (2004). *Project management process improvement*. Norwood, MA: Artech House.

## **INITIAL DISTRIBUTION LIST**

1. Defense Technical Information Center  
Ft. Belvoir, Virginia
2. Dudley Knox Library  
Naval Postgraduate School  
Monterey, California